

# SCHEDULE A

## ANNUAL mSCOA DRAFT BUDGET AND SUPPORTING DOCUMENTATION OF BUSHBUCKRIDGE LOCAL MUNICIPALITY

2017/18



Prepared by: Budget & Treasury Office (Finance)

Sub-directorate: Budget

mSCOA DRAFT ANNUAL BUDGET OF

# **BUSHBUCKRIDGE**

# **LOCAL MUNICIPALITY**



2017/18 TO 2019/20  
MEDIUM TERM REVENUE AND  
EXPENDITURE FORECASTS

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## Abbreviations and Acronyms

ASGISA	Accelerated and Shared Growth Initiative	LED	Local Economic Development
BPC	Budget Planning Committee	MEC	Member of the Executive Committee
CBD	Central Business District	MFMA	Municipal Financial Management Act Programme
CFO	Chief Financial Officer	MIG	Municipal Infrastructure Grant
MM	Municipality Manager	MMC	Member of Mayoral Committee
CPI	Consumer Price Index	MPRA	Municipal Properties Rates Act
CRRF	Capital Replacement Reserve Fund	MSA	Municipal Systems Act
DBSA	Development Bank of South Africa	MTEF	Medium-term Expenditure Framework
DoRA	Division of Revenue Act	MTREF	Medium-term Revenue and Expenditure Framework
DWA	Department of Water Affairs	NGO	Non-Governmental Organisations
EE	Employment Equity	NKPIs	National Key Performance Indicators
EEDSM	Energy Efficiency Demand Side Management	OHS	Occupational Health and Safety
EM	Executive Mayor	OP	Operational Plan
FBS	Free basic services	PBO	Public Benefit Organisations
GAMAP	Generally Accepted Municipal Accounting Practice	PHC	Provincial Health Care
GDP	Gross domestic product	PMS	Performance Management System
GDS	Gauteng Growth and Development Strategy	PPE	Property Plant and Equipment
GFS	Government Financial Statistics	PPP	Public Private Partnership
GRAP	General Recognised Accounting Practice	PTIS	Public Transport Infrastructure System
HR	Human Resources	RG	Restructuring Grant
HSRC	Human Science Research Council	RSC	Regional Services Council
IDP	Integrated Development Strategy	SALGA	South African Local Government Association
IT	Information Technology	SAPS	South African Police Service
kℓ	kilolitre	SDBIP	Service Delivery Budget Implementation Plan
km	kilometre	SMME	Small Micro and Medium Enterprises
KPA	Key Performance Area	mSCOA	Municipal Standard Chaurts of Accounts
KPI	Key Performance Indicator		
kWh	kilowatt		
ℓ	litre		

## Part 1 – Annual Budget

### 1.1 Mayor's Report

2017/18 MTREF budget has been prepared in terms of the mSCOA requirements, as the municipality is required to comply with effect from the 1<sup>st</sup> July 2017. The municipality had to procure the working tools that will be compatible to mSCOA, such as new computer equipments, server, laptops and others. The municipality has also upgraded the IT infrastructure to ensure readiness for mSCOA implementation with effect from the 1<sup>st</sup> July 2017. Currently the network connection is still a challenge to link the head office with the regional offices, and the matter has been receiving a serious attention, whereby the service provider was appointed to ensure a linkages between regional offices and head offices. Some regional offices are still utilising the manual system of capturing and that negatively impact the head office in terms of late consolidations of the information that still need to be captured on the financial system.

Bushbuckridge Local Municipality as one of the nodal in the country and still solely depends on government grants in order to implement and deliver the services to the communities within its jurisdiction. For 2017/18 FY, it is clear that 81 percent of the budget will be funded through government grants, and only 19 percent will be own revenue collection and billed as projected. The projected own revenue to be billed and collected amounts to R 350.8 million, with the Bad Debts Provision of R 115.8 Million, due to the current revenue collection rate by the municipality, which is very low.

The municipality's revenue collection still very low and impact negatively on the municipal budget. Currently the municipality is still depending on Government Grants in order to implement the projects and service delivery to the communities within its jurisdiction. Another challenge that inhibits our efforts to deliver services to the communities is the struggling finances of the municipality. It is a fact that we are still largely dependent on grants from the national treasury in the form of Equitable shares and MIG. It is also a fact that while the service delivery needs of the communities is limitless and realistic indeed, we continue to struggle to collect enough revenue to complement the grants. This particular situation places the municipality in a state of paralysis. There is a need to urgently develop an appropriate turnaround strategy that will be practical given the development context of the communities, the municipality and the Local Economic activities that have the potential to create a sustainable financial base for the municipality. We need to implement the credit control policy, revenue enhancement strategy and complete the indigent register.

Bushbuckridge Local Municipality was in no way immune to the harsh economic realities associated with the recession. Among the impacts are the serious cash flow challenges currently being experienced by the municipality due to among other things low collection rates; historic expenditure patterns and a general lack of "doing business smarter".

The municipality is also committed to the total eradication of poverty in our communities through job creation, access to basic municipal services, and building of safer and integrated communities, building of a financially viable municipality, and enforcing massive community participation in all activities of the municipality. Bushbuckridge Local Municipality is faced with a number of challenges which require a very quick response from all of us. These challenges include, inter alia, infrastructure development backlogs. These backlogs were worsened further

by the most recent natural disasters that were caused by heavy thunder-storms that befell us. Bridges, roads, houses were destroyed.

While progress has been made in responding to the infrastructure needs of the municipality, a sizeable number of the communities still survive without acceptable water infrastructure and portable drinking water. This is a challenge that must be addressed with speed because we cannot tolerate this status quo in our 23 years of democracy.

The municipality has a significant role to play in strengthening the link between the citizen and government's overall priorities and spending plans. The goal should be to enhance service delivery aimed at improving the quality of life for all people within the Bushbuckridge Local Municipality. Budgeting is primarily about the choices that the municipality has to make between competing priorities and fiscal realities. The challenge is to do more with the available resources. We need to remain focused on the effective delivery of the core municipal services through the application of efficient and effective service delivery mechanisms.

The application of sound financial management principles for the compilation of the Municipality's financial plan is essential and critical to ensure that the Municipality remains financially viable and that sustainable municipal services are provided economically and equitably to all communities. The municipality will implement credit control and debt collection policy in order to boost own revenue collection. The service provider has been appointed to collect the outstanding debt due by the consumers.

## 1.2 Council Resolutions

On 30<sup>th</sup> of March 2017, the Council of Bushbuckridge Local Municipality met in the Council Chambers of Bushbuckridge Local Municipality, to consider the annual mSCOA draft budget of the municipality for the financial year 2017/18, with the Council Resolution number: **BLM97/2**. The Council approved and adopted the following resolutions:

1. The Council of Bushbuckridge Local Municipality Local Municipality, acting in terms of section 24 of the Municipal Finance Management Act, (Act 56 of 2003) approves and adopts:
  - 1.1. The annual mSCOA draft budget of the municipality for the financial year 2017/18 and the multi-year and single-year capital appropriations as set out in the following tables:
    - 1.1.1. Budgeted Financial Performance (revenue and expenditure by standard classification) as contained in Table 18 on page 24;
    - 1.1.2. Budgeted Financial Performance (revenue and expenditure by municipal vote) as contained in Table 19 on page 26;
    - 1.1.3. Budgeted Financial Performance (revenue by source and expenditure by type) as contained in Table 21 on page 28; and

- 1.1.4. Multi-year and single-year capital appropriations by municipal vote and standard classification and associated funding by source as contained in Table 22 on page 30.
- 1.2. The financial position, cash flow budget, cash-backed reserve/accumulated surplus, asset management and basic service delivery targets are approved as set out in the following tables:
  - 1.2.1. Budgeted Financial Position as contained in Table 23 on page 32;
  - 1.2.2. Budgeted Cash Flows as contained in Table 24 on page 34;
  - 1.2.3. Cash backed reserves and accumulated surplus reconciliation as contained in Table 25 on page 34;
  - 1.2.4. Asset management as contained in Table 26 on page 36; and
  - 1.2.5. Basic service delivery measurement as contained in Table 27 on page 38.
2. The Council of Bushbuckridge Local Municipality Local Municipality, acting in terms of section 75A of the Local Government: Municipal Systems Act (Act 32 of 2000) approves and adopts with effect from 1 July 2013:
  - 2.1. the tariffs for property rates – as set out in **Annexure A**,
  - 2.2. the tariffs for the supply of water – as set out in **Annexure A**;
  - 2.3. the tariffs for sanitation services – as set out in **Annexure A**;
  - 2.4. the tariffs for solid waste services – as set out in **Annexure A**;
  - 2.5. the tariffs for Rentals and Facilities of Equipment - as set out in **Annexure A**.
3. The Council of Bushbuckridge Local Municipality Local Municipality, acting in terms of 75A of the Local Government: Municipal Systems Act (Act 32 of 2000) approves and adopts with effect from 1 July 2016 the tariffs for other services, as set out in **Annexure A** respectively.
4. To give proper effect to the municipality's annual budget, the Council of Bushbuckridge Local Municipality also note that:
  - 4.1. The cash backing is implemented through the utilisation of a portion of the revenue generated from property rates to ensure that all capital reserves and provisions, and unspent conditional grants are cash backed as required in terms of the municipality's funding and reserves policy as prescribed by section 8 of the Municipal Budget and Reporting Regulations.
  - 4.2. The municipal revenue billing and collection has been projected to R 350.8 Million, due to the low revenue collection by the municipality.
  - 4.3. Debt collector has been appointed to assist the municipality with revenue collection.

### 1.3 Executive Summary

The application of sound financial management principles for the compilation of the Municipality's financial plan is essential and critical to ensure that the Municipality remains financially viable and that municipal services are provided sustainably, economically and equitably to all communities.

The Municipality's business and service delivery priorities were reviewed as part of this year's planning and budget process. Where appropriate, funds were transferred from low- to high-priority programmes so as to maintain sound financial stewardship. A critical review was also undertaken of expenditures on noncore and 'nice to have' items. This has resulted in the

municipality to cut the expenditures on the following key areas: telephone and internet usage, printing and stationery, workshops, accommodation, and catering.

The Municipality has embarked on implementing a range of revenue collection strategies to optimize the collection of debt owed by consumers. Furthermore, the Municipality has undertaken various customer care initiatives to ensure the municipality truly involves all citizens in the process of ensuring a people lead government.

National Treasury's MFMA Circular No. 85 and 86 were used to guide the compilation of the 2017/18 MTREF.

The main challenges experienced during the compilation of the 2017/18 MTREF can be summarised as follows:

- Compliance with mSCOA regulations.
- The ongoing difficulties in the national and local economy;
- Aging and poorly maintained water and roads Municipality infrastructure;
- The need to reprioritise projects and expenditure within the existing resource envelope given the cash flow realities and declining cash position of the municipality;
- The cost of purchasing bulk water from Rand Water Board. Continuous high tariff increases that are not sustainable - as there will be point where services will no-longer be affordable;
- Rates charged by Rand Water on the eater reticulations implementation.
- Wage increases for municipal staff that continue to exceed consumer inflation, as well as the need to fill critical vacancies;
- Affordability of capital projects – original allocations had to be reduced and the operational expenditure associated with prior year's capital investments needed to be factored into the budget as part of the 2017/18 MTREF process; and
- Low revenue collection by the municipality.

The following budget principles and guidelines directly informed the compilation of the 2017/18 MTREF:

- The 2016/17 Adjustments Budget priorities and targets, as well as the base line allocations contained in that Adjustments Budget were used as the upper limits for the new baselines for the 2017/18 annual budget;
- Intermediate service level standards were used to inform the measurable objectives, targets and backlog eradication goals;
- Tariff and property rate increases should be affordable and should generally not exceed inflation as measured by the CPI, except where there are price increases in the inputs of services that are beyond the control of the municipality, for instance the cost of bulk water. In addition, tariffs need to remain or move towards being cost reflective, and should take into account the need to address infrastructure backlogs;
- There will be no budget allocated to national and provincial funded projects unless the necessary grants to the municipality are reflected in the national and provincial budget and have been gazetted as required by the annual Division of Revenue Act;

In view of the aforementioned, the following table is a consolidated overview of the proposed 2017/18 Medium-term Revenue and Expenditure Framework (MTREF) and the audited outcomes for the past 3 financial years:

**Table 1 Consolidated Overview of the 2017/18 MTREF**

MP325 Bushbuckridge - Table A3 Budgeted Financial Performance (revenue and expenditure by municipal vote)												
Vote Description		2013/14	2014/15	2015/16	Current Year 2016/17			2017/18 Medium Term Revenue & Expenditure Framework				
		R thousand	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2017/18	% Increase / Decrease	Budget Year +1 2018/19	Budget Year +2 2019/20
<u>Revenue by Vote</u>												
0		-	-	-	-	-	-	-	-	-	-	-
Total Revenue by Vote		1 138 495	1 117 171	1 430 010	1 619 299	1 598 119	1 598 119	1 582 980	-1%	1 551 632	1 653 777	
<u>Expenditure by Vote to be appropriated</u>												
0		-	-	-	-	-	-	-	-	-	-	-
Total Expenditure by Vote		675 504	785 262	942 180	879 460	972 070	972 070	1 012 784	4%	1 079 187	1 061 182	
Surplus/(Deficit) for the year		462 991	331 910	487 829	739 839	626 049	626 049	570 196	-10%	472 445	592 595	

Total budgeted revenue has decreased by 1 per cent or R15.139 million for the 2017/18 financial year when compared to the 2016/17 Adjustments Budget. 81 percent (R 1.3 billion) of the revenue budget for 2016/17 will be funded through grants from government, while only 18 percent (R 331 million), have been projected to be billed and collected by the municipality. For the two outer years, operational revenue will decrease by 1.5 percent and increase by 10 per cent respectively, equating to a total revenue growth of R71 million over the MTREF when compared to the 2017/18 financial year.

Total operating expenditure for the 2017/18 financial year has been appropriated at R 1 billion and translates into a budgeted surplus of R570 million, which will be used to fund capital projects. When compared to the 2016/17 Adjustments Budget, operational expenditure has increased by 4 per cent in the 2017/18 budget and further increase by 6 per cent for 2018/19 for the respective outer years of the MTREF. These surpluses will be used to fund capital expenditure and to further ensure cash backing of reserves and funds.

The capital budget of R570 million for 2017/18 is 10 per cent less when compared to the 2016/17 Adjustment Budget. The decrease is mainly due to the reduction in capital grants allocated to the municipality. Various projects that were put on hold in 2015/16 as well as

affordability constraints in the light of current economic circumstance they will be funded through Government Grants in 2017/18.

## 1.4 Operating Revenue Framework

For Bushbuckridge Local Municipality to continue improving the quality of services provided to its citizens it needs to generate the required revenue. In these tough economic times strong revenue management is fundamental to the financial sustainability of every municipality. The reality is that we are faced with development backlogs and poverty. The expenditure required to address these challenges will inevitably always exceed available funding; hence difficult choices have to be made in relation to tariff increases and balancing expenditures against realistically anticipated revenues.

The municipality's revenue strategy is built around the following key components:

- National Treasury's guidelines and macroeconomic policy;
- Growth in the Municipality and continued economic development;
- Efficient revenue management, which aims to ensure a 35 per cent annual collection rate for property rates and other key service charges;
- Achievement of full cost recovery of specific user charges especially in relation to trading services;
- Determining the tariff escalation rate by establishing/calculating the revenue requirement of each service;
- The municipality's Property Rates Policy approved in terms of the Municipal Property Rates Act, 2004 (Act 6 of 2004) (MPRA);
- Increase ability to extend new services and recover costs;
- The municipality's Indigent Policy and rendering of free basic services; and
- Tariff policies of the Municipality.
- Municipal Turn Around Strategy
- Installation of water meters in areas where there is water reticulation and yard connections.

The following table is a summary of the 2017/18 MTREF (classified by main revenue source):

**Table 2 Summary of revenue classified by main revenue source**

MP325 Bushbuckridge - Table A4 Budgeted Financial Performance (revenue and expenditure)											
Description	Ref	2013/14	2014/15	2015/16	Current Year 2016/17			2017/18 Medium Term Revenue & Expenditure Framework			
R thousand	1	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20	
<u>Revenue By Source</u>											
Property rates	2	55 801	160 250	168 493	180 000	180 000	180 000	194 789	206 477	218 665	
Service charges - electricity revenue	2	-	-	-	-	-	-	-	-	-	
Service charges - water revenue	2	26 272	23 826	22 146	37 528	44 948	44 948	51 104	54 283	58 346	
Service charges - sanitation revenue	2	2 287	3 052	3 070	3 277	3 277	3 277	4 114	4 360	4 622	
Service charges - refuse revenue	2	4 391	5 865	5 993	6 492	7 992	7 992	7 450	6 744	7 187	
Service charges - other		-									
Rental of facilities and equipment		332	884	744	985	1 185	1 185	1 244	1 319	1 398	
Interest earned - external investments		7 325	9 570	13 804	11 893	13 893	13 893	15 010	14 500	15 000	
Interest earned - outstanding debtors		61 301	-	100 259	26 000	34 000	34 000	55 000	28 665	35 000	
Dividends received											
Fines, penalties and forfeits		2 894	1 152	6 224	2 625	2 625	2 625	2 756	2 894	3 068	
Licences and permits		395	3 298	348	17 767	17 767	17 767	12 208	12 819	13 585	
Agency services		10 028	9 926	9 575	9 550	9 550	9 550	10 027	10 528	11 160	
Transfers and subsidies		501 680	554 770	658 688	654 266	654 266	654 266	696 593	723 485	755 040	
Other revenue	2	8 091	4 001	3 234	3 210	3 760	3 760	9 051	9 632	10 259	
Gains on disposal of PPE		3 151	984	1 072							
Total Revenue (excluding capital transfers and contributions)		683 946	777 578	993 651	953 592	973 262	973 262	1 059 346	1 075 706	1 133 330	

**Table 3 Percentage growth in revenue by main revenue source**

MP325 Bushbuckridge - Table A4 Budgeted Financial Performance (revenue and expenditure)												
Description	Ref	2013/14	2014/15	2015/16	Current Year 2016/17			2017/18 Medium Term Revenue & Expenditure Framework				
		R thousand	1	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2017/18	% Increase / Decrease	Budget Year +1 2018/19
<u>Revenue By Source</u>												
Property rates	2	55 801	160 250	168 493	180 000	180 000	180 000	194 789	8%	206 477	218 665	
Service charges - electricity revenue	2	-	-	-	-	-	-	-		-	-	
Service charges - water revenue	2	26 272	23 826	22 146	37 528	44 948	44 948	51 104	12%	54 283	58 346	
Service charges - sanitation revenue	2	2 287	3 052	3 070	3 277	3 277	3 277	4 114	20%	4 360	4 622	
Service charges - refuse revenue	2	4 391	5 865	5 993	6 492	7 992	7 992	7 450	-7%	6 744	7 187	
Service charges - other		-										
Rental of facilities and equipment		332	884	744	985	1 185	1 185	1 244	5%	1 319	1 398	
Interest earned - external investments		7 325	9 570	13 804	11 893	13 893	13 893	15 010	7%	14 500	15 000	
Interest earned - outstanding debtors		61 301	-	100 259	26 000	34 000	34 000	55 000	38%	28 665	35 000	
Dividends received												
Fines, penalties and forfeits		2 894	1 152	6 224	2 625	2 625	2 625	2 756	5%	2 894	3 068	
Licences and permits		395	3 298	348	17 767	17 767	17 767	12 208	-46%	12 819	13 585	
Agency services		10 028	9 926	9 575	9 550	9 550	9 550	10 027	5%	10 528	11 160	
Transfers and subsidies		501 680	554 770	658 688	654 266	654 266	654 266	696 593	6%	723 485	755 040	
Other revenue	2	8 091	4 001	3 234	3 210	3 760	3 760	9 051	58%	9 632	10 259	
Gains on disposal of PPE		3 151	984	1 072								
Total Revenue (excluding capital transfers and contributions)		683 946	777 578	993 651	953 592	973 262	973 262	1 059 346	8%	1 075 706	1 133 330	

In line with the formats prescribed by the Municipal Budget and Reporting Regulations, capital transfers and contributions are excluded from the operating statement, as inclusion of these revenue sources would distort the calculation of the operating surplus/deficit.

Revenue generated from rates shows a huge amount to be billed by the municipality, and the major customers are Government and Kruger National Park. Services charges forms a lower significant percentage of the revenue basket for the Municipality. When comparing with the Bulk Water Purchase from Rand Water Board, It is clear that the municipality is not doing good in terms of water charges to the communities v/s amount paid to Rand Water on monthly basis. From the above table it is clear that the municipality still solely depends on government grants in order to deliver its services to the communities within its jurisdiction. Rates and service charge revenues comprise less than half of the total revenue mix. In the 2017/18 financial year, revenue from rates and services charges totalled R 350.8 million or 19 per cent of the total revenue budget.

These challenges can be mainly attributed to the low revenue collection, for all main revenue streams for the municipality, that contributes to the total revenue mix. The above table includes revenue foregone arising from discounts and rebates associated with the tariff policies of the Municipality. Details in this regard are contained in Table 64 MBRR SA1.

Property rates is the first largest revenue source totalling R 194.8 million rand in 2017/18 and increases to R206 million in 2018/19 and to R 218 million in 2019/20. The base for property billing is mainly contributed by the billing for government departments and Kruger National Park. The second largest sources is the services charges, with water projected to be billed R51.1 million in 2017/18. The third largest sources is 'other revenue' which consists of various items such as income received from permits and licenses, building plan fees, connection fees. Departments have been urged to review the tariffs of these items on an annual basis to ensure they are cost reflective and market related.

Operating grants and transfers totals R696 million in the 2017/18 financial year and steadily increases to R723 million in 2018/19 and R 755 Million by 2019/20.

The following table gives a breakdown of the various operating grants and subsidies allocated to the municipality over the medium term:

**Table 4 Operating Transfers and Grant Receipts**

MP325 Bushbuckridge - Supporting Table SA18 Transfers and grant receipts										
Description	Ref	2013/14	2014/15	2015/16	Current Year 2016/17			2017/18 Medium Term Revenue &		
R thousand		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
<b>RECEIPTS:</b>	1, 2									
<b>Operating Transfers and Grants</b>										
National Government:		507 671	556 371	665 228	657 888	657 888	657 888	700 132	727 937	769 399
Local Government Equitable Share		485 251	545 094	635 931	647 298	647 298	647 298	683 632	719 537	750 699
Finance Management		1 550	1 600	1 675	1 810	1 810	1 810	2 145	2 400	2 700
Municipal Systems Improvement		890	934	930	-	-	-	-	-	-
EPWP Incentive		2 596	2 192	2 551	3 780	3 780	3 780	9 355	-	-
Integrated National Electrification Programme		6 656	3 492	7 200	5 000	5 000	5 000	5 000	6 000	16 000
Water Services Operating Subsidy		10 728	3 059	16 941	-	-	-	-	-	-
Other transfers/grants [insert description]										
Provincial Government:		-	-	-	-	-	-	-	-	-
Other transfers/grants [insert description]										
District Municipality:		-	450	-	-	-	-	-	-	-
Operational Grant from Ehlanzeni District		-	450	-	-	-	-	-	-	-
Other grant providers:		-	-	2 635	-	-	-	-	-	-
[Insert description]										
Disaster Grant		-	-	2 635	-	-	-	-	-	-
<b>Total Operating Transfers and Grants</b>	5	507 671	556 821	667 863	657 888	657 888	657 888	700 132	727 937	769 399

Tariff-setting is a pivotal and strategic part of the compilation of any budget. When rates, tariffs and other charges were revised, local economic conditions, input costs and the affordability of services were taken into account to ensure the financial sustainability of the Municipality.

National Treasury continues to encourage municipalities to keep increases in rates, tariffs and other charges as low as possible. Municipalities must justify in their budget documentation all increases in excess of the 6 per cent upper boundary of the South African Reserve Bank's inflation target. Excessive increases are likely to be counterproductive, resulting in higher levels of non-payment.

The percentage increases of Rand Water Board, for bulk tariffs are unjustifiable. Given that these tariff increases are determined by water board, the impact they have on the municipality's purchase of bulk water, and in these tariffs are largely outside the control of the Municipality. Discounting the impact of these price increases in lower consumer tariffs will erode the Municipality's future financial position and viability. Currently there is a huge difference between what we pay Bushbuckridge Water Board and selling of water to the communities.

It must also be appreciated that the consumer price index, as measured by CPI, is not a good measure of the cost increases of goods and services relevant to municipalities. The basket of goods and services utilised for the calculation of the CPI consist of items such as food, petrol and medical services, whereas the cost drivers of a municipality are informed by items such as the cost of remuneration, bulk purchases of water, petrol, diesel, chemicals, cement etc. The current challenge facing the Municipality is managing the gap between cost drivers and tariffs levied, as any shortfall must be made up by either operational efficiency gains or service level reductions. Within this framework the Municipality has undertaken the tariff setting process relating to service charges as follows.

#### **1.4.1 Property Rates**

Property rates cover the cost of the provision of general services. Determining the effective property rate tariff is therefore an integral part of the municipality's budgeting process.

National Treasury's MFMA Circular No. 51 deals, *inter alia* with the implementation of the Municipal Property Rates Act, with the regulations issued by the Department of Co-operative Governance. These regulations came into effect on 1 July 2009 and prescribe the rate ratio for the non-residential categories, public service infrastructure and agricultural properties relative to residential properties to be 0,25:1. The implementation of these regulations was done in the previous budget process and the Property Rates Policy of the Municipality has been amended accordingly.

The following stipulations in the Property Rates Policy are highlighted:

- The first R15 000 of the market value of a property used for residential purposes is excluded from the rate-able value (Section 17(h) of the MPRA). In addition to this rebate, a further R25 000 reduction on the market value of a property will be granted in terms of the Municipality's own Property Rates Policy;
- 35 per cent rebate will be granted on all residential properties (including state owned residential properties);
- 100 per cent rebate will be granted to registered indigents in terms of the Indigent Policy;
- For pensioners, physically and mentally disabled persons, a maximum/total rebate of 50 per cent (calculated on a sliding scale) will be granted to owners of rate-able property if the total gross income of the applicant and/or his/her spouse, if any, does not exceed the amount equal to twice the annual state pension as approved by the National Government for a financial year. In this regard the following stipulations are relevant:

- The rate-able property concerned must be occupied only by the applicant and his/her spouse, if any, and by dependants without income;
  - The applicant must submit proof of his/her age and identity and, in the case of a physically or mentally handicapped person, proof of certification by a Medical Officer of Health, also proof of the annual income from a social pension;
  - The applicant's account must be paid in full, or if not, an arrangement to pay the debt should be in place; and
  - The property must be categorized as residential.
- The Municipality may award a 100 per cent grant-in-aid on the assessment rates of rate-able properties of certain classes such as registered welfare organizations, institutions or organizations performing charitable work, sports grounds used for purposes of amateur sport. The owner of such a property must apply to the Chief Financial Officer in the prescribed format for such a grant.

#### **1.4.2 Sale of Water and Impact of Tariff Increases**

South Africa faces similar challenges with regard to water supply, since demand growth outstrips supply. Consequently, National Treasury is encouraging all municipalities to carefully review the level and structure of their water tariffs to ensure:

- Water tariffs are fully cost-reflective – including the cost of maintenance and renewal of purification plants, water networks and the cost associated with reticulation expansion;
- Water tariffs are structured to protect basic levels of service and ensure the provision of free water to the poorest of the poor (indigent); and
- Water tariffs are designed to encourage efficient and sustainable consumption.

In addition National Treasury has urged all municipalities to ensure that water tariff structures are cost reflective, and is still a challenge for our municipality to achieve that.

Better maintenance of infrastructure, new bulk line construction and cost-reflective tariffs will ensure that the supply challenges are managed in future to ensure sustainability.

A tariff increase of 6 per cent from 1 July 2017 for water is proposed. This is also based on input cost in the cost of bulk water provision by Rand Water Board. In addition 6 kℓ water per 30-day period will again be granted free of charge to all residents.

A summary of the proposed tariffs for households (residential) and non-residential are as follows:

**Table 5 Proposed Water Tariffs**

NO	FACILITY OR SERVICE RENDERED	TARIFF CHARGE PROPOSED		TARIFF CHARGE PROPOSED			
		'2016/17	'2017/18	'2016/17	'2017/18		
<b>1</b>	<b>WATER CHARGES: Residential</b>	<b>VAT excl</b>	<b>VAT incl</b>	<b>VAT excl</b>	<b>VAT incl</b>		
1,1	- Variable Charge 6 kl						
1,2	- Variable Charge 0 to 24 kl	R 8,87	R 10,12	R 9,55	R 10,88		
1,3	- Variable Charge 25kl and above	R 9,54	R 10,88	R 10,27	R 11,71		
1,4	- Fixed Water charge	R 102,31	R 116,64	R 110,09	R 125,50		
1,5	- Metered borehole charge	R 4,13	R 4,71	R 4,45	R 5,07		
1,6	- Fixed Borehole Charge	R 74,77	R 85,23	R 80,45	R 91,71		
1,7	- Indigent: Variable Charge 0 to 24 kl	R 5,71	R 6,50	R 6,14	R 7,00		
1,8	- Indigent: Variable Charge 25kl and	R 6,30	R 7,18	R 6,77	R 7,72		
<b>2</b>	<b>WATER CHARGES: Business</b>	<b>VAT excl</b>	<b>VAT incl</b>	<b>VAT excl</b>	<b>VAT incl</b>		
2,1	- Metered water charges: Business	R 12,27	R 13,99	R 13,20	R 15,05		
2,2	- Fixed water charges: Business	R 432,86	R 493,46	R 465,76	R 530,96		
2,3	- Metered borehole charge	R 5,90	R 6,73	R 6,35	R 7,24		
2,4	- Fixed Borehole Charge	R 295,13	R 336,45	R 317,56	R 362,02		
		R -	R -	R -	R -		
<b>3</b>	<b>WATER : Religious inst., NPO's &amp;</b>	<b>VAT excl</b>	<b>VAT incl</b>	<b>VAT excl</b>	<b>VAT incl</b>		
3,1	- Metered water charge	R 8,80	R 10,03	R 9,47	R 10,80		
3,2	- Fixed Water Charge	R 251,04	R 286,19	R 270,12	R 307,94		

The above table shows the impact of the proposed increases in water tariffs on the water charges for a single dwelling-house:

The tariff structure for 2017/18 has increased by 6 per cent due to the increase by Rand Water Board. The tariff structure is designed to charge higher levels of consumption a higher rate.

#### 1.4.3 Sanitation and Impact of Tariff Increases

A tariff increase of 6 per cent for sanitation from 1 July 2017 is proposed. This is based on the input cost assumptions related to water. It should be noted that Municipality costs contributes approximately 12 per cent of waste water treatment input costs, therefore the higher than CPI increase of 6 per cent for sanitation tariffs. The following factors also contribute to the proposed tariff increase:

- Sanitation charges are calculated according to the percentage water discharged;
- Free sanitation (98 per cent of 6 kℓ water) will be applicable to registered indigents; and
- The total revenue expected to be generated from rendering this service amounts to only R 4.1 million for the 2017/18 financial year.

The following table compares the current and proposed tariffs:

**Table 6 Comparison between current sanitation charges and increases**

<b>TARIFF STRUCTURE FOR FINANCIAL YEAR 2017 /2018</b>					
<b>NO</b>	<b>FACILITY OR SERVICE RENDERED</b>	<b>TARIFF CHARGE</b>		<b>TARIFF CHARGE</b>	
		<b>PROPOSED`2016/17</b>	<b>PROPOSED`2017/18</b>	<b>PROPOSED`2016/17</b>	<b>PROPOSED`2017/18</b>
<b>4</b>	<b>SEWER CHARGES: Residential</b>	<b>VAT excl</b>	<b>VAT incl</b>	<b>VAT excl</b>	<b>VAT incl</b>
4,1	- Variable charge: 6kl	Free	Free	Free	Free
4,2	- Variable charge: 7kl and above	R 0,78	R 0,89	R 0,84	R 0,95
4,3	- Fixed: Metered sewer	R 48,33	R 55,09	R 52,00	R 59,28
4,4	- Fixed: UnMetered Sewer	R 63,86	R 72,80	R 68,71	R 78,33
4,5	- Sludge Removal per Annum	R 438,38	R 499,76	R 471,70	R 537,74
4,6	- Sewer Blockage Fee	R 322,75	R 367,93	R 347,28	R 395,89
<b>5</b>	<b>SEWER CHARGES: Business / Institutions</b>	<b>VAT excl</b>	<b>VAT incl</b>	<b>VAT excl</b>	<b>VAT incl</b>
5,1	- Variable Charge	R 2,07	R 2,36	R 2,23	R 2,54
5,2	- Fixed Charge	R 118,40	R 134,97	R 127,40	R 145,23
5,3	- Sludge Removal	R 1 315,67	R 1 499,86	R 1 415,66	R 1 613,85
5,4	- Sewer Blockage Fee	R 1 495,08	R 1 704,39	R 1 608,70	R 1 833,92
5,5	- Communal Sludge Removal per Annum	R 438,56	R 499,95	R 471,89	R 537,95

The following table shows the impact of the proposed increases in sanitation tariffs on the sanitation charges for a single dwelling-house:

#### 1.4.4 Waste Removal and Impact of Tariff Increases

Currently solid waste removal is operating in few areas within the municipal jurisdiction. It is widely accepted that the rendering of this service should at least break even, which is currently not the case. The Municipality will have to implement a solid waste strategy to ensure that this service can be rendered in a sustainable manner over the medium to long-term, and to also ensure that the services be rendered in other areas as well.

A 6 per cent increase in the waste removal tariff is proposed from 1 July 2017. Higher increases will be viable in 2018/19 owing to the significant decreases implemented in previous financial years as well as the overall impact of higher than inflation increases of other services. Any increase higher than 9 per cent would be counter-productive and will result in affordability challenges for individual rates payers raising the risk associated with bad debt.

#### 1.4.5 Overall impact of non tariff increases on households

The following table shows the overall expected impact of the non tariff increases on a large and small household, as well as an indigent household receiving free basic services.

Note that in all instances the overall impact of the tariff increases on household's bills has been kept at 6 per cent, for all the municipal services.

**Table 7 MBRR Table SA14 – Household bills**

MP325 Bushbuckridge - Supporting Table SA14 Household bills				Current Year 2016/17			2017/18 Medium Term Revenue & Expenditure Framework				
Description	Ref	2013/14	2014/15	2015/16	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2017/18	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
		Audited Outcome	Audited Outcome	Audited Outcome				% incr.			
Rand/cent											
Monthly Account for Household - 'Middle Income Range'	1										
Rates and services charges:											
Property rates		91,67	91,67	93,96	103,36	103,36	103,36	6,0%	109,56	0,06	116,13
Electricity: Basic levy				–					–	–	–
Electricity: Consumption				–					–	–	–
Water: Basic levy		81,77	81,77	83,81	89,48	89,48	89,48	6,0%	94,85	0,06	100,54
Water: Consumption		51,04	51,04	52,32	55,85	55,85	55,85	6,0%	59,20	0,06	62,76
Sanitation		29,24	29,24	29,97	32,00	32,00	32,00	6,0%	33,92	0,06	35,95
Refuse removal		34,21	34,21	35,07	37,44	37,44	37,44	6,0%	39,68	0,06	42,06
Other		29,24	29,24	29,97	32,00	32,00	32,00	6,0%	33,92	0,06	35,95
sub-total		317,17	317,17	325,10	350,12	350,12	350,12	6,0%	371,13	0,38	393,40
VAT on Services											
Total large household bill:		317,17	317,17	325,10	350,12	350,12	350,12	6,0%	371,13	0,38	393,40
% increase/-decrease			–	2,5%	7,7%	–	–		6,0%	(99,9%)	#####
Monthly Account for Household - 'Affordable Range'	2										
Rates and services charges:											
Property rates		91,67	93,96	99,60	97,17	97,17	97,17	6,0%	103,00	0,06	109,18
Electricity: Basic levy			–	–	–	–	–		–	–	–
Electricity: Consumption			–	–	–	–	–		–	–	–
Water: Basic levy		81,77	83,81	86,68	86,68	86,68	86,68	6,0%	91,88	0,06	97,39
Water: Consumption		51,04	52,32	54,10	54,10	54,10	54,10	6,0%	57,35	0,06	60,79
Sanitation		29,24	29,97	30,99	30,99	30,99	30,99	6,0%	32,85	0,06	34,83
Refuse removal		34,21	35,07	36,26	36,26	36,26	36,26	6,0%	38,44	0,06	40,74
Other		29,24	29,97	30,99	30,99	30,99	30,99	6,0%	32,85	0,06	34,83
sub-total		317,17	325,10	99,60	336,20	336,20	336,20	6,0%	356,37	0,38	377,75
VAT on Services											
Total small household bill:		317,17	325,10	99,60	336,20	336,20	336,20	6,0%	356,37	0,38	377,75
% increase/-decrease			2,5%	(69,4%)	237,6%	–	–		6,0%	(99,9%)	98 892,3%
				-28,75	-4,42	-1,00	-				

## 1.5 Operating Expenditure Framework

The Municipality's expenditure framework for the 2017/18 budget and MTREF is informed by the following:

- Repairs and maintenance plan;
- Balanced budget constraint (operating expenditure should not exceed operating revenue) unless there are existing uncommitted cash-backed reserves to fund any deficit;
- Funding of the budget over the medium-term as informed by Section 18 and 19 of the MFMA;
- The capital programme is aligned to the asset renewal strategy and backlog eradication plan;
- Operational gains and efficiencies will be directed to funding the capital budget and other core services; and
- Strict adherence to the principle of *no project plan no budget*. If there is no business plan no funding allocation can be made.

The following table is a high level summary of the 2017/18 budget and MTREF (classified per main type of operating expenditure):

**Table 8 Summary of operating expenditure by standard classification item**

MP325 Bushbuckridge - Table A4 Budgeted Financial Performance (revenue and expenditure)													
Description	Ref	2013/14		2014/15		2015/16		Current Year 2016/17		2017/18 Medium Term Revenue & Expenditure Framework			
		R thousand	1	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2017/18	% Increase /Decrease	Budget Year +1 2018/19	Budget Year +2 2019/20
<u>Expenditure By Type</u>													
Employee related costs	2	224 770		281 150		326 980	338 150	355 570	355 570	381 527	7%	408 133	436 550
Remuneration of councilors		24 072		27 764		25 388	31 841	30 791	30 791	32 639	6%	34 597	36 673
Debt impairment	3	23 861		49 589		114 749	83 000	113 000	113 000	115 788	2%	133 127	139 467
Depreciation & asset impairment	2	68 393		76 511		76 866	45 150	70 150	70 150	72 000	3%	74 500	77 500
Finance charges		8 120		774		2 771	606	606	606	342	-77%	363	384
Bulk purchases	2	133 067		208 977		206 125	185 000	215 000	215 000	223 000	4%	236 380	250 563
Other materials	8	57 517		28 009		36 150	44 485	40 585	40 585	25 510	-59%	25 486	27 094
Contracted services		48 072		41 695		43 266	42 271	43 451	43 451	52 744	18%	55 957	59 351
Transfers and subsidies		39 388		14 872		30 419	10 746	12 646	12 646	11 668	-8%	12 368	13 110
Other expenditure	4, 5	54 376		59 795		69 210	94 345	87 455	87 455	81 159	-8%	92 424	98 361
Loss on disposal of PPE		-		1 062		1 373							
Total Expenditure		681 636		790 200		933 297	875 595	969 255	969 255	996 376	3%	1 073 335	1 139 053

The budgeted allocation for employee related costs for the 2017/18 financial year totals R381.7 million, which equals 39 per cent of the total operating expenditure. Based on the three year collective SALGBC agreement, salary increases have been factored into this budget at a percentage increase of 6.5 per cent for the 2017/18 financial year. An annual increase of 7 per

cent has been included in the two outer years of the MTREF. As part of the Municipality's cost reprioritization and cash management strategy vacancies have been significantly rationalized downwards. As part of the planning assumptions and interventions, organogram was reviewed with all directorates in order to ensure that all strategic posts are been captured on the organogram.

The cost associated with the remuneration of councillors is determined by the Minister of Co-operative Governance and Traditional Affairs in accordance with the Remuneration of Public Office Bearers Act, 1998 (Act 20 of 1998). The most recent proclamation in this regard has been taken into account in compiling the Municipality's budget.

The provision of debt impairment was determined based on an annual low collection rate of 22 per cent and the Debt Write-off Policy of the Municipality. For the 2017/18 financial year this amount equates to R116 million and increased to R139 million by 2019/20. While this expenditure is considered to be a non-cash flow item, it informed the total cost associated with rendering the services of the municipality, as well as the municipality's realistically anticipated revenues.

Provision for depreciation and asset impairment has been informed by the Municipality's Asset Management Policy. Depreciation is widely considered a proxy for the measurement of the rate asset consumption. Budget appropriations in this regard total R72 million for the 2017/18 financial and equates to 7 per cent of the total operating expenditure. Note that the implementation of GRAP 17 accounting standard has meant bringing a range of assets previously not included in the assets register onto the register. This has resulted in a significant increase in depreciation relative to previous years. The municipality has also currently appointed the service provider to do the unbundling of assets, and the correct amount of depreciation will be determined by the said exercise.

Finance charges consist primarily of the bank charges. Finance charges make up 0.06 per cent (R342 000) of operating expenditure.

Bulk purchases are directly informed by the purchase of bulk water from Rand Water Board. The annual price increases have been factored into the budget appropriations and directly inform the revenue provisions. The expenditures include distribution losses. Currently the service level agreement (SLA) has been signed between the municipality and Rand water board. Bulk water purchases amount to R 223 Million and equals 22% of the operating expenditure.

Other materials comprise of amongst others the purchase of materials for repairs & maintenance. In line with the Municipality's repairs and maintenance plan this group of expenditure has been prioritised to ensure sustainability of the Municipality's infrastructure. For 2017/18 the appropriation against this group of expenditure has been allocated R22 million which equates to 3 percent of operating expenditures, and continues to grow from R 27 million in 2019/20. In comparison with budget adjustment for 2015/16 and draft budget for 2016/17, R&M shows a drastic decrease mainly due to the implementation of Back to Basics in 2016/17 to maintain and service all the infrastructure of the municipality that provides the basic services to the municipality.

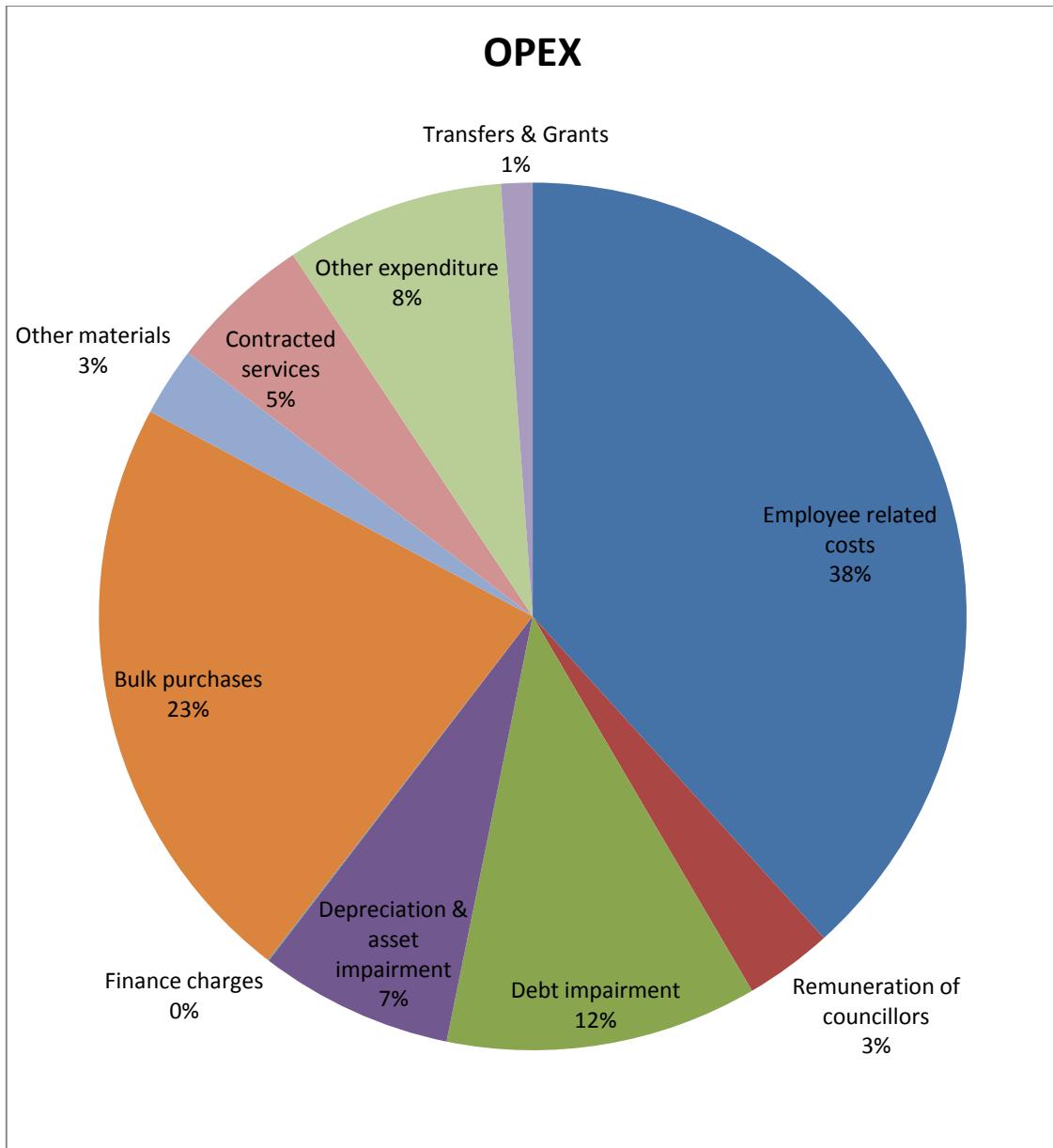
Contracted services: As part of the compilation of the 2017/18 MTREF this group of expenditure was critically evaluated and operational efficiencies were enforced. In the 2017/18 financial

year, this group of expenditure totals R52 million, which equals to 5% of the total operating expenditure. For the two outer the expenditure will increase, mainly due to the security services and insurance that will been appointed. As part of the process of identifying further cost efficiencies, a business process reengineering project will commence in the 2016/17 financial year to identify alternative practices and procedures, including building in-house capacity for certain activities that are currently being contracted out. The outcome of this exercise will be factored into the next budget cycle and it is envisaged that additional cost savings will be implemented. Further details relating to contracted services can be seen in Table 64 MBRR SA1

Transfers and Grants shows a budget of R 11.6 million translating in to 1% of the total operational cost. The reduction is mainly due to the implementation of the revised indigent register for qualifying indigent members to receive the free basic services.

Other expenditure comprises of various line items relating to the daily operations of the municipality. This group of expenditure has also been identified as an area in which cost savings and efficiencies can be achieved. Further details relating to contracted services can be seen in Table 64 MBRR SA1 (see page 100).

The following table gives a breakdown of the main expenditure categories for the 2017/18 financial year.



**Figure 1 Main operational expenditure categories for the 2017/18 financial year**

### 1.5.1 Repairs and Maintenance

Aligned to the priority being given to preserving and maintaining the Municipality's current infrastructure, the 2017/18 budget and MTREF provide for less extensive growth in the area of asset maintenance, as informed by the asset renewal plan and repairs and maintenance plan of the Municipality. In terms of the Municipal Budget and Reporting Regulations, operational repairs and maintenance is not considered a direct expenditure driver but an outcome of certain other expenditures, such as remuneration, purchases of materials and contracted services.

Considering these cost drivers, the following table is a consolidation of all the expenditures associated with repairs and maintenance:

**Table 9 Operational repairs and maintenance**

MP325 Bushbuckridge - Supporting Table SA1 Supporting detail to 'Budgeted Financial Performance'									
Description	2013/14	2014/15	2015/16	Current Year 2016/17			2017/18	Medium Term	Revenue &
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
R thousand									
Repairs and Maintenance by Expenditure Item									
Employee related costs									
Other materials									
Contracted Services									
Other Expenditure	57 517	28 009	36 150	44 485	40 585	40 585	25 510	25 486	27 094
Total Repairs and Maintenance Exp	57 517	28 009	36 150	44 485	40 585	40 585	25 510	25 486	27 094

During the compilation of the 2017/18 MTREF, operational repairs and maintenance was identified as a strategic imperative owing to the aging of the Municipality's infrastructure and historic deferred maintenance. To this end due to financial constraint, repairs and maintenance was substantially decreased from R40 million in 2016/17 budget adjustment to R25 million in 2017/18. Notwithstanding the reduction in 2017/18, as part of the 2017/18 MTREF this strategic imperative still remains a priority as can be seen by the budget appropriations over the MTREF. The total allocation for 2017/18 equates to R25 million and continues to grow to R 30 million and over the MTREF. In relation to the total operating expenditure, repairs and maintenance comprises of 2.5 per cent for 2017/18 and 2.7 & 3 percent for the respective financial years of the MTREF. The MTREF budget figures might increase during the budget preparation for the year.

The table below provides a breakdown of the repairs and maintenance in relation to asset class:

**Table 10 Repairs and maintenance per asset class**

## MP325 Bushbuckridge - Supporting Table SA34c Repairs and maintenance expenditure by asset class



MP325 Bushbuckridge - Supporting Table SA34c Repairs and maintenance expenditure by asset class

Description	Ref	2013/14	2014/15	2015/16	Current Year 2016/17			2017/18 Medium Term Revenue &			
		R thousand	1	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2017/18	Budget Year +1 2018/19
<b>Repairs and maintenance expenditure by Asset Class/Sub-class</b>											
Sport and Recreation Facilities		79	1	325	400	400	400	400	424	449	476
Indoor Facilities											
Outdoor Facilities		79	1	325	400	400	400	400	424	449	476
Capital Spares											
1		1	1	1	1	1	1	1	1	1	1
Heritage assets		—	—	—	—	—	—	—	—	—	—
Monuments											
Historic Buildings											
Works of Art											
Conservation Areas											
Other Heritage											
Investment properties		—	—	—	—	—	—	—	—	—	—
Revenue Generating											
Improved Property											
Unimproved Property											
Non-revenue Generating											
Improved Property											
Unimproved Property											
Other assets		3 582	4 799	5 122	4 200	4 200	4 200	653	692	734	
Operational Buildings		3 582	4 799	5 122	4 200	4 200	4 200	653	692	734	
Municipal Offices		3 582	4 799	5 122	4 200	4 200	4 200	653	692	734	
Pay/Enquiry Points											
Building Plan Offices											
Workshops											
Yards											
Stores											
Laboratories											
Biological or Cultivated Assets		—	—	—	—	—	—	—	—	—	—
Biological or Cultivated Assets											
Intangible Assets		—	—	—	—	—	—	—	—	—	—
Servitudes											
Licences and Rights											
Water Rights											
Effluent Licenses											
Solid Waste Licenses											
Computer Software and Applications											
Load Settlement Software Applications											
Unspecified											
Computer Equipment		1 200	—	—	—	—	—	—	—	—	—
Computer Equipment		1 200									
Furniture and Office Equipment		—	—	—	—	—	—	—	—	—	—
Furniture and Office Equipment											
Machinery and Equipment		2 297	804	2 202	2 500	4 500	4 500	3 000	3 180	3 371	
Machinery and Equipment		2 297	804	2 202	2 500	4 500	4 500	3 000	3 180	3 371	
Transport Assets		721	621	856	1 365	1 365	1 365	1 000	1 060	1 124	
Transport Assets		721	621	856	1 365	1 365	1 365	1 000	1 060	1 124	
Libraries		—	—	—	—	—	—	—	—	—	—
Libraries											
Zoo's, Marine and Non-biological Animals		—	—	—	—	—	—	—	—	—	—
Zoo's, Marine and Non-biological Animals											
Total Repairs and Maintenance Exp	1	57 517	28 009	36 150	44 485	40 585	40 585	25 510	25 486	27 094	
<i>R&amp;M as % of PPE</i>		3,1%	7,4%	7,4%	7,3%	7,4%	7,4%	0,0%	0,8%	0,8%	
<i>R&amp;M as % Operating Expenditure</i>		8,4%	3,5%	3,9%	5,1%	4,2%	4,2%	0,0%	2,6%	2,5%	

For the 2017/18 financial year, R25 million of total repairs and maintenance will be spent on infrastructure assets. Water infrastructure has received R 10 million of the total allocation, followed by Roads infrastructure with the allocation totalling R3.4 million, followed by sanitation with R3.6 million. Community assets have been allocated R1.4 Million, mainly for maintenance of community halls and sports facilities

### **1.5.2 Free Basic Services: Basic Social Services Package**

The social package assists households that are poor or face other circumstances that limit their ability to pay for services. To receive these free services the households are required to register in terms of the Municipality's Indigent Policy. The target is to register more qualifying indigent households during the 2017/18 financial year, a process reviewed annually. Detail relating to free services, cost of free basic services, revenue lost owing to free basic services as well as basic service delivery measurement.

The advert was issued by the municipality to register new qualifying indigent and to update the indigent register.

The cost of the social package of the registered indigent households is largely financed by national government through the local government equitable share received in terms of the annual Division of Revenue Act.

## **1.6 Capital expenditure**

The following table provides a breakdown of budgeted capital expenditure by vote

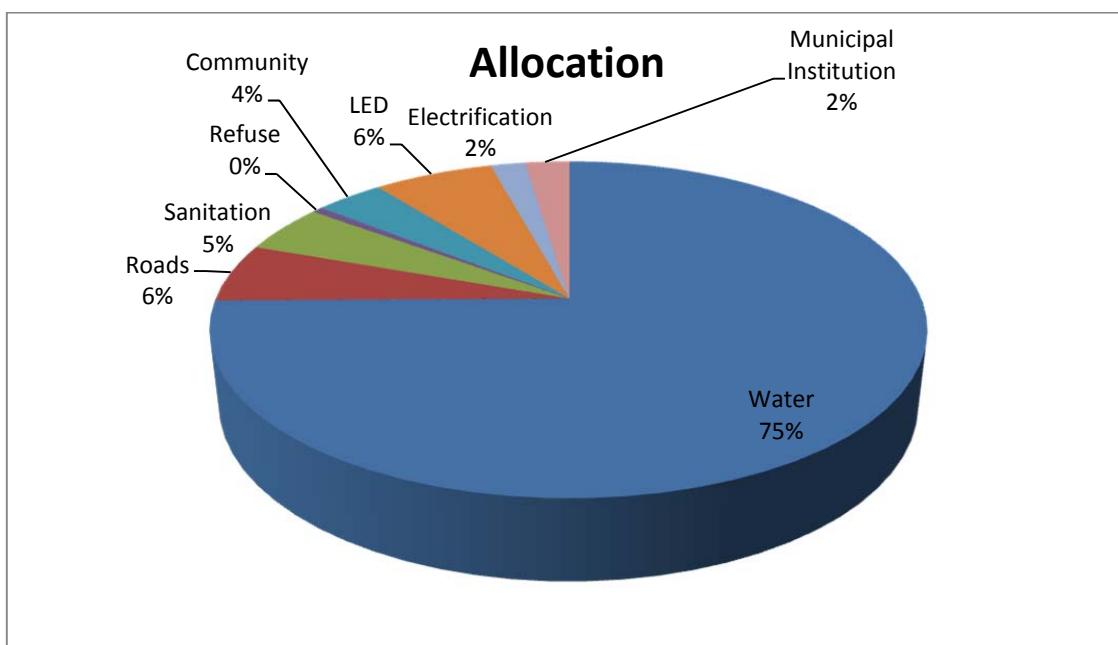
**Table 11 2017/18 Medium-term capital budget per vote**

MP325 Bushbuckridge - Table A5 Budgeted Capital Expenditure by vote, functional classification and funding

Vote Description	Ref	2013/14	2014/15	2015/16	Current Year 2016/17			2017/18 Medium Term Revenue & Expenditure			
		R thousand	1	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2017/18	Budget Year +1 2018/19
<b>Capital expenditure - Vote</b>											
<b>Multi-year expenditure to be appropriated</b>	2										
Vote 1 - Dept 001 - Budget & Treasury Office		-	-	-	-	-	-	-	1 452	-	-
Vote 2 - Dept 002 - Corporate Services		5 827	3 643	8 619	25 250	16 650	16 650	16 650	1 620	451	693
Vote 3 - Dept 005 - Economic Development, Planning & Environment		4 526	4 756	4 814	24 450	20 550	20 550	20 550	37 603	20 000	41 000
Vote 4 - Dept 006 - Community Support Services		10 286	8 138	1 814	2 550	1 920	1 920	1 920	1 000	2 500	-
Vote 5 - Dept 008 - Office of the Municipal Manager		-	-	-	-	-	-	-	65	68	70
Vote 6 - Dept 009 - Office of the Speaker		-	-	-	-	-	-	-	96	-	-
Vote 7 - Dept 010 - Office of the Mayor or Executive Mayor		-	-	-	-	-	-	-	-	-	-
Vote 8 - Dept 013 - Community Support Services - Transport		-	-	-	-	-	-	-	2 280	2 300	2 200
Vote 9 - Dept 014 - Municipal Works - Public Works		7 540	2 585	4 637	5 000	5 000	5 000	5 000	800	-	-
Vote 10 - Dept 015 - Municipal Works - Water		187 681	152 835	500 070	461 936	438 070	438 070	438 070	437 000	170 500	138 500
Vote 11 - Dept 016 - Municipal Works - Roads		145 094	110 856	105 215	77 350	90 895	90 895	90 895	32 880	9 275	-
Vote 12 - Dept 017 - EDPE - Refuse		-	2 057	-	4 500	3 300	3 300	3 300	1 800	3 800	4 500
Vote 13 - Dept 018 - Municipal Works - Sewerage		33 302	18 267	13 549	60 200	27 200	27 200	27 200	22 200	40 000	-
Vote 14 - Dept 020 - Municipal Works - PMU		11 643	7 192	11 679	69 103	27 260	27 260	27 260	31 400	-	-
0		-	-	-	-	-	-	-	-	-	-
<b>Capital multi-year expenditure sub-total</b>	7	405 900	310 329	650 398	730 339	630 845	630 845	630 845	570 196	248 894	186 963
<b>Capital Expenditure - Functional</b>											
<i>Governance and administration</i>		-	-	-	-	-	-	-	1 548	-	-
Executive and council		-	-	-	-	-	-	-	96	-	-
Finance and administration		-	-	-	-	-	-	-	1 452	-	-
Internal audit		-	-	-	-	-	-	-	-	-	-
<i>Community and public safety</i>		1 675	4 706	1 251	47 105	11 005	11 005	11 005	21 400	-	-
Community and social services		-	-	-	-	-	-	-	-	-	-
Sport and recreation		1 675	4 706	1 251	37 405	3 205	3 205	3 205	13 900	-	-
Public safety		-	-	-	-	-	-	-	-	-	-
Housing		-	-	-	9 700	7 800	7 800	7 800	7 500	-	-
Health		-	-	-	-	-	-	-	-	-	-
<i>Economic and environmental services</i>		149 620	115 612	110 030	101 800	111 445	111 445	111 445	70 483	29 275	41 000
Planning and development		4 526	4 756	4 814	24 450	20 550	20 550	20 550	37 603	20 000	41 000
Road transport		145 094	110 856	105 215	77 350	90 895	90 895	90 895	32 880	9 275	-
Environmental protection		-	-	-	-	-	-	-	-	-	-
<i>Trading services</i>		237 996	176 472	526 871	550 834	484 443	484 443	484 443	471 800	214 300	143 000
Energy sources		17 013	3 313	13 251	24 198	15 873	15 873	15 873	10 800	-	-
Water management		187 681	152 835	500 070	461 936	438 070	438 070	438 070	437 000	170 500	138 500
Waste water management		33 302	18 267	13 549	60 200	27 200	27 200	27 200	22 200	40 000	-
Waste management		-	2 057	-	4 500	3 300	3 300	3 300	1 800	3 800	4 500
<i>Other</i>		16 609	13 539	12 247	30 600	23 952	23 952	23 952	4 965	-	-
<b>Total Capital Expenditure - Functional</b>	3	405 900	310 329	650 398	730 339	630 845	630 845	630 845	570 196	243 575	184 000
<b>Funded by:</b>											
National Government		383 090	287 329	632 086	628 184	575 338	575 338	575 338	506 228	223 575	143 000
Provincial Government		-	-	-	-	-	-	-	-	-	-
District Municipality		-	-	-	-	-	-	-	-	-	-
Other transfers and grants		22 810	23 000	18 312	102 155	55 507	55 507	55 507	63 968	20 000	41 000
Transfers recognised - capital	4	405 900	310 329	650 398	730 339	630 845	630 845	630 845	570 196	243 575	184 000
Public contributions & donations	5	-	-	-	-	-	-	-	-	-	-
Borrowing	6	-	-	-	-	-	-	-	-	-	-
Internally generated funds		-	-	-	-	-	-	-	-	-	-
<b>Total Capital Funding</b>	7	405 900	310 329	650 398	730 339	630 845	630 845	630 845	570 196	243 575	184 000

For 2017/18, an amount of R 514 million has been appropriated for the development of infrastructure which represents 90 per cent of the total capital budget. The other 10 per cent represents the municipal institution issues like purchase of vehicles, trucks, fire fighter truck, refuse removal truck, furniture and equipments to be used on a day to day running business of the municipality.

The following graph below will explain in details, allocation per sector:



The above Graph clearly indicates that 75 percent (R 437 Million) of Capital Budget has been allocated to water projects. The main reason is due to the higher backlog, and completion of bulk pipeline, and water reticulation and yard meter connections. Roads has been allocated 6 per cent (R 32.8 Million), followed by Sanitation with 5 percent (R27.2 Million) of the capital budget, in order to complete the projects that were implemented from 2016/17 and were funded by EQ, and due to financial constraint, an application was made for MIG funding. Municipal institution constitutes 2% of the allocation, followed by electrification projects that constitutes 2 percent.

Total new assets represent 56 per cent or R413 million of the total capital budget while asset renewal equates to zero per cent. Further detail relating to asset classes and proposed capital expenditure is contained in Table 26 MBRR A9 (Asset Management). In addition to the MBRR Table A9, MBRR Tables SA34a, b, c provides a detailed breakdown of the capital programme relating to new asset construction, capital asset renewal as well as operational repairs and

maintenance by asset class (refer to pages 88, 89 and 90). Some of the salient projects to be undertaken over the medium-term includes, amongst others:

• Sports and recreational facilities	– R	13.9 million;
• Roads, Bridges and Storm Water backlogs	– R	32.8 million;
• Electrification of Households	– R	5.0 million;
• Local Economic development	– R	37.6 million;
• Water backlogs, including bulk, reservoirs, reticulation, water meters.	R	437 million;
• Sanitation / sewerage	-- R	22 million;
• Heavy Machinery	-- R	4.5 million;
• Hy mast lights	-- R	10 million;
•		

#### 1.6.1 Future operational cost of new infrastructure

The future operational costs and revenues associated with the capital programme have been included in Table 61 MBRR SA35. This table shows that future operational costs associated with the capital programme totals R23 million in 2016/17 and escalates to R39 million by 2017/18. This concomitant operational expenditure is expected to escalate to R43 million by 2018/19. It needs to be noted that as part of the 2017/18 MTREF, this expenditure has been factored into the two outer years of the operational budget.

### 1.7 Annual Budget Tables

The following information following represent the ten main budget tables as required in terms of section 8 of the Municipal Budget and Reporting Regulations. These tables set out the municipality's 2017/18 budget and MTREF as approved by the Council. Each table is accompanied by *explanatory notes* on the facing page.

**Table 12 MBRR Table A1 - Budget Summary**

MP325 Bushbuckridge - Table A1 Budget Summary									
Description	2013/14	2014/15	2015/16	Current Year 2016/17			2017/18 Medium Term Revenue & Expenditure		
R thousands	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
<u>Financial Performance</u>									
Property rates	55 801	160 250	168 493	180 000	180 000	180 000	194 789	206 477	218 665
Service charges	32 949	32 743	31 209	47 297	56 217	56 217	62 667	65 387	70 155
Investment revenue	7 325	9 570	13 804	11 893	13 893	13 893	15 010	14 500	15 000
Transfers recognised - operational	501 680	554 770	658 688	654 266	654 266	654 266	696 593	723 485	755 040
Other own revenue	86 191	20 245	121 457	60 136	68 886	68 886	90 287	65 857	74 470
Total Revenue (excluding capital transfers and contributions)	683 946	777 578	993 651	953 592	973 262	973 262	1 059 346	1 075 706	1 133 330
Employee costs	224 770	281 150	326 980	338 150	355 570	355 570	381 527	408 133	436 550
Remuneration of councillors	24 072	27 764	25 388	31 841	30 791	30 791	32 639	34 597	36 673
Depreciation & asset impairment	68 393	76 511	76 866	45 150	70 150	70 150	72 000	74 500	77 500
Finance charges	8 120	774	2 771	606	606	606	342	363	384
Materials and bulk purchases	190 584	236 986	242 275	229 485	255 585	255 585	248 510	261 866	277 657
Transfers and grants	39 388	14 872	30 419	10 746	12 646	12 646	11 668	12 368	13 110
Other expenditure	126 310	152 142	228 599	219 616	243 906	243 906	249 691	281 508	297 179
Total Expenditure	681 636	790 200	933 297	875 595	969 255	969 255	996 376	1 073 335	1 139 053
Surplus/(Deficit)	2 311	(12 622)	60 354	77 997	4 007	4 007	62 970	2 371	(5 723)
Transfers and subsidies - capital (monetary)	455 300	341 256	422 643	649 773	612 773	612 773	507 080	459 290	492 887
Contributions recognised - capital & cont.	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) after capital transfers & contributions	457 611	328 634	482 997	727 770	616 780	616 780	570 050	461 661	487 164
Share of surplus/ (deficit) of associate	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) for the year	457 611	328 634	482 997	727 770	616 780	616 780	570 050	461 661	487 164
<u>Capital expenditure &amp; funds sources</u>									
Capital expenditure	405 900	310 329	650 398	730 339	630 845	630 845	570 196	243 575	184 000
Transfers recognised - capital	-	-	-	-	-	-	-	-	-
Public contributions & donations	-	-	-	-	-	-	-	-	-
Borrowing	-	-	-	-	-	-	-	-	-
Internally generated funds	-	-	-	-	-	-	-	-	-
Total sources of capital funds	-	-	-	-	-	-	-	-	-
<u>Financial position</u>									
Total current assets	542 810	903 922	780 697	1 232 895	1 316 895	1 316 895	1 524 925	1 580 568	1 639 640
Total non current assets	1 855 513	2 013 888	2 600 861	3 543 620	2 974 925	2 974 925	3 155 541	3 344 873	3 545 566
Total current liabilities	624 702	590 659	664 469	371 662	461 662	461 662	441 614	425 711	451 253
Total non current liabilities	19 560	116 044	39 120	130 254	130 254	130 254	138 443	148 134	158 503
Community wealth/Equity	1 754 061	2 180 875	2 677 968	4 274 599	3 699 904	3 699 904	4 100 409	4 351 596	4 575 449
<u>Cash flows</u>									
Net cash from (used) operating	439 737	456 825	231 899	695 859	656 942	656 942	517 661	438 661	465 204
Net cash from (used) investing	(411 568)	(308 249)	(453 424)	(739 314)	(625 520)	(625 520)	(569 446)	(248 099)	(185 763)
Net cash from (used) financing	-	-	-	-	-	-	-	-	-
Cash/cash equivalents at the year end	142 475	301 154	(7 890)	81 545	156 422	156 422	73 978	264 541	543 981
<u>Cash backing/surplus reconciliation</u>									
Cash and investments available	152 577	213 635	135 583	196 000	66 000	66 000	45 000	90 950	97 317
Application of cash and investments	389 771	374 250	498 328	(21 158)	(7 351)	(7 351)	22 055	3 592	19 786
Balance - surplus (shortfall)	(237 194)	(160 615)	(362 745)	217 158	73 351	73 351	22 945	87 358	77 530
<u>Asset management</u>									
Asset register summary (WDV)	-	-	-	-	-	-	-	-	-
Depreciation	67 688	-	-	-	-	-	-	-	-
Renewal of Existing Assets	-	-	-	-	-	-	-	-	-
Repairs and Maintenance	57 517	28 009	36 150	44 485	40 585	40 585	25 510	25 486	27 094
<u>Free services</u>									
Cost of Free Basic Services provided	-	-	-	-	-	-	-	-	-
Revenue cost of free services provided	4 042	5 368	5 926	6 407	6 987	6 987	6 785	7 186	7 125
<u>Households below minimum service level</u>									
Water:	-	-	-	-	-	-	-	-	-
Sanitation/sewage:	90	99	110	112	112	112	117	123	129
Energy:	-	-	-	-	-	-	-	-	-
Refuse:	122	135	124	132	132	132	138	145	152

**Explanatory notes to MBRR Table A1 - Budget Summary**

1. Table A1 is a budget summary and provides a concise overview of the Municipality's budget from all of the major financial perspectives (operating, capital expenditure, financial position, cash flow, and MFMA funding compliance).
2. The table provides an overview of the amounts approved by Council for operating performance, resources deployed to capital expenditure, financial position, cash and funding compliance, as well as the municipality's commitment to eliminating basic service delivery backlogs.
3. Financial management reforms emphasises the importance of the municipal budget being funded. This requires the simultaneous assessment of the Financial Performance, Financial Position and Cash Flow Budgets, along with the Capital Budget. The Budget Summary provides the key information in this regard:
  - a. The operating surplus/deficit (after Total Expenditure) is positive over the MTREF
  - b. Capital expenditure is balanced by capital funding sources, of which
    - i. Transfers recognised is reflected on the Financial Performance Budget;
    - ii. Borrowing will be incorporated in the net cash from financing on the Cash Flow Budget, if available
    - iii. Internally generated funds is financed from a combination of the current operating surplus and accumulated cash-backed surpluses from previous 7years if available at the end of the year. For 2017/18 financial year, own revenue collection and billing has been projected to R 351 million, with the Provision for Bad Debts that amount to R 115 Million, due to low revenue collection within the municipality. The amount is incorporated in the Net cash from investing on the Cash Flow Budget. The fact that the municipality's cash flow remains negative, and is not improving, indicates that the necessary cash resources are not available to fund the Capital Budget.
4. The Cash backing/surplus reconciliation shows that in previous financial years the municipality was not paying much attention to managing this aspect of its finances, and consequently many of its obligations are not cash-backed. This places the municipality in a very vulnerable financial position, as the recent slow-down in revenue collections highlighted. Consequently Council has taken a deliberate decision to ensure adequate cash-backing for all material obligations in accordance with the recently adopted Funding and Reserves Policy. This cannot be achieved in one financial year. But over the MTREF there is progressive improvement in the level of cash-backing of obligations. It is anticipated that the goal of having all obligations cash-back will be achieved by 2017/18, when a small surplus is reflected.
5. Even though the Council is placing great emphasis on securing the financial sustainability of the municipality, this is not being done at the expense of services to the poor. The section of Free Services shows that the amount spent on Free Basic Services and the revenue cost of free services provided by the municipality continues to increase. In addition, the municipality continues to make progress in addressing service delivery backlogs. It is anticipated that by 2018/19 the water backlog will have been reduced.

**Table 13 MBRR Table A2 - Budgeted Financial Performance (revenue and expenditure by standard classification)**

MP325 Bushbuckridge - Table A2 Budgeted Financial Performance (revenue and expenditure by functional classification)										
Functional Classification Description	Ref	2013/14	2014/15	2015/16	Current Year 2016/17			2017/18 Medium Term Revenue & Expenditure		
R thousand	1	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
<b>Revenue - Functional</b>										
<i>Governance and administration</i>		625 746	725 242	931 979	875 165	886 065	886 065	965 336	977 307	1 028 484
Executive and council		-	-	-	-	-	-	-	-	-
Finance and administration		625 746	725 242	931 979	875 165	886 065	886 065	965 336	977 307	1 028 484
Internal audit		-	-	-	-	-	-	-	-	-
<i>Community and public safety</i>		13 595	76 445	15 965	30 239	74 239	74 239	25 333	26 606	28 209
Community and social services		189	212	199	292	292	292	310	328	347
Sport and recreation		101	114	56	170	170	170	180	191	202
Public safety		13 224	14 154	15 674	29 241	29 241	29 241	24 271	25 486	27 016
Housing		81	61 965	37	536	44 536	44 536	572	601	644
Health		-	-	-	-	-	-	-	-	-
<i>Economic and environmental services</i>		177	325	552	1 159	1 159	1 159	6 194	6 616	7 071
Planning and development		177	325	552	1 159	1 159	1 159	6 124	6 536	6 981
Road transport		-	-	-	-	-	-	70	80	90
Environmental protection		-	-	-	-	-	-	-	-	-
<i>Trading services</i>		76 185	43 835	115 355	353 963	277 883	277 883	191 917	136 676	160 970
Energy sources		6 656	3 492	7 200	5 000	5 000	5 000	5 000	6 000	16 000
Water management		62 852	31 425	99 092	335 248	261 668	261 668	172 636	116 691	130 108
Waste water management		2 287	3 052	3 070	7 223	3 223	3 223	6 831	7 241	7 676
Waste management		4 391	5 865	5 993	6 492	7 992	7 992	7 450	6 744	7 187
<i>Other</i>	4	422 793	271 324	366 158	358 773	358 773	358 773	394 200	404 427	429 043
<b>Total Revenue - Functional</b>	2	1 138 495	1 117 171	1 430 010	1 619 299	1 598 119	1 598 119	1 582 980	1 551 632	1 653 777
<b>Expenditure - Functional</b>										
<i>Governance and administration</i>		401 413	487 094	609 008	571 604	638 894	638 894	437 782	474 377	501 604
Executive and council		25 170	30 207	29 306	39 117	37 337	37 337	64 355	68 464	72 835
Finance and administration		376 106	456 671	579 408	531 976	601 146	601 146	372 778	405 225	428 040
Internal audit		137	216	293	511	411	411	649	688	729
<i>Community and public safety</i>		32 039	34 394	45 781	58 103	56 388	56 388	128 074	136 372	145 357
Community and social services		24 845	25 245	31 807	40 741	41 891	41 891	103 769	110 508	117 833
Sport and recreation		2 822	3 391	8 035	7 701	5 541	5 541	17 952	19 130	20 386
Public safety		110	374	2	2 612	1 907	1 907	2 215	2 348	2 489
Housing		4 262	5 384	5 937	7 050	7 050	7 050	4 138	4 386	4 649
Health		-	-	-	-	-	-	-	-	-
<i>Economic and environmental services</i>		4 127	6 979	11 002	22 495	15 330	15 330	77 455	81 818	87 438
Planning and development		1 458	3 236	5 478	12 560	10 145	10 145	27 279	29 080	31 011
Road transport		2 669	3 742	5 524	9 935	5 185	5 185	50 176	52 738	56 426
Environmental protection		-	-	-	-	-	-	-	-	-
<i>Trading services</i>		228 365	250 422	276 303	225 779	259 979	259 979	364 222	381 053	404 906
Energy sources		27 676	21 485	47 615	14 792	22 292	22 292	37 412	33 750	35 864
Water management		184 394	222 458	226 115	203 234	233 784	233 784	312 325	331 906	352 721
Waste water management		15 644	5 886	1 951	6 446	2 946	2 946	8 018	8 541	9 054
Waste management		650	594	621	1 307	957	957	6 468	6 856	7 267
<i>Other</i>	4	9 361	6 033	-	-	-	-	5 252	5 567	5 901
<b>Total Expenditure - Functional</b>	3	675 304	784 922	942 094	877 982	970 592	970 592	1 012 784	1 079 187	1 145 206
<b>Surplus/(Deficit) for the year</b>		463 191	332 249	487 915	741 318	627 528	627 528	570 196	472 445	508 571

**Explanatory notes to MBRR Table A2 - Budgeted Financial Performance (revenue and expenditure by standard classification)**

1. Table A2 is a view of the budgeted financial performance in relation to revenue and expenditure per standard classification. The modified GFS standard classification divides the municipal services into 15 functional areas. Municipal revenue, operating expenditure and capital expenditure are then classified in terms of each of these functional areas which enables the National Treasury to compile 'whole of government' reports.
2. Note the Total Revenue on this table includes capital revenues (Transfers recognised – capital) and so does not balance to the operating revenue shown on Table A4.
3. Note that as a general principle the revenues for the Trading Services should exceed their expenditures. The table highlights that this is the case for , Water and Waste water functions, but not the Waste management function. As already noted above, the municipality will be undertaking a detailed study of this function to explore ways of improving efficiencies and provide a basis for re-evaluating the function's tariff structure.
4. Other functions that show a deficit between revenue and expenditure are being financed from rates revenues and other revenue sources reflected under the Corporate Services.

**Table 14 MBRR Table A3 - Budgeted Financial Performance (revenue and expenditure by municipal vote)**

MP325 Bushbuckridge - Table A3 Budgeted Financial Performance (revenue and expenditure by municipal vote)										
Vote Description	Ref	2013/14	2014/15	2015/16	Current Year 2016/17			2017/18 Medium Term Revenue & Expenditure Framework		
		R thousand	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2017/18	Budget Year +1 2018/19
<b>Revenue by Vote</b>	1									
Vote 1 - Dept 001 - Budget & Treasury Office		615 290	718 958	925 550	867 610	877 760	877 760	951 415	972 466	1 023 353
Vote 2 - Dept 002 - Corporate Services		7 861	4 092	3 878	3 775	4 525	4 525	4 566	4 840	5 131
Vote 3 - Dept 005 - Economic Development, Planning &		177	325	552	1 159	1 159	1 159	6 124	6 536	6 981
Vote 4 - Dept 006- Community Support Services		290	326	255	462	462	462	504	535	568
Vote 5 - Dept 008 - Office of the Municipal Manager		-	-	-	-	-	-	-	-	-
Vote 6 - Dept 009 - Office of the Speaker		-	-	-	-	-	-	-	-	-
Vote 7 - Dept 010 - Office of the Mayor		-	-	-	-	-	-	-	-	-
Vote 8 - Dept 013 - Community Support Services - Tra		13 224	14 154	15 674	29 241	29 241	29 241	24 256	25 469	26 997
Vote 9 - Dept 014 - Municipal Works - Public Works		9 332	67 650	9 788	9 316	53 316	53 316	14 927	6 601	16 644
Vote 10 - Dept 015 - Municipal Works - Water		62 852	31 425	99 092	335 248	261 668	261 668	172 636	116 691	130 108
Vote 11 - Det 016 - Municipal Works - Roads		-	-	-	-	-	-	70	80	90
Vote 12 - Dept 017 - EDPE - Refuse		4 391	5 865	5 993	6 492	7 992	7 992	7 450	6 744	7 187
Vote 13 - Dept 018 - Municipal Works - Sewerage		2 287	3 052	3 070	7 223	3 223	3 223	6 831	7 241	7 676
Vote 14 - Dapt 020 - Municipal Works - PMU		422 793	271 324	366 158	358 773	358 773	358 773	394 200	404 427	429 043
0		-	-	-	-	-	-	-	-	-
<b>Total Revenue by Vote</b>	2	1 138 495	1 117 171	1 430 010	1 619 299	1 598 119	1 598 119	1 582 980	1 551 632	1 653 777
<b>Expenditure by Vote to be appropriated</b>	1									
Vote 1 - Dept 001 - Budget & Treasury Office		116 658	142 137	209 543	148 944	203 794	203 794	252 321	276 465	290 397
Vote 2 - Dept 002 - Corporate Services		258 820	313 463	368 314	382 124	396 444	396 444	115 758	123 438	47 605
Vote 3 - Dept 005 - Economic Development, Planning &		1 458	3 236	5 478	12 560	10 145	10 145	27 279	29 080	31 011
Vote 4 - Dept 006- Community Support Services		25 034	25 621	32 134	43 752	44 197	44 197	106 408	113 305	120 798
Vote 5 - Dept 008 - Office of the Municipal Manager		1 108	2 418	3 730	6 950	6 320	6 320	32 320	34 852	37 582
Vote 6 - Dept 009 - Office of the Speaker		24 489	28 437	26 358	33 641	32 441	32 441	35 041	37 143	39 372
Vote 7 - Dept 010 - Office of the Mayor		537	979	1 149	1 424	1 374	1 374	2 341	2 478	2 623
Vote 8 - Dept 013 - Community Support Services - Tra		2 743	3 390	7 710	7 301	5 141	5 141	17 528	18 681	19 910
Vote 9 - Dept 014 - Municipal Works - Public Works		31 938	26 869	53 553	21 842	29 342	29 342	41 550	38 137	40 514
Vote 10 - Dept 015 - Municipal Works - Water		184 394	222 458	226 115	203 234	233 784	233 784	312 325	331 906	352 721
Vote 11 - Det 016 - Municipal Works - Roads		2 669	3 742	5 524	9 935	5 185	5 185	50 176	52 738	56 426
Vote 12 - Dept 017 - EDPE - Refuse		650	594	621	1 307	957	957	6 468	6 856	7 267
Vote 13 - Dept 018 - Municipal Works - Sewerage		15 644	5 886	1 951	6 446	2 946	2 946	8 018	8 541	9 054
Vote 14 - Dapt 020 - Municipal Works - PMU		9 361	6 033	-	-	-	-	5 252	5 567	5 901
0		-	-	-	-	-	-	-	-	-
<b>Total Expenditure by Vote</b>	2	675 504	785 262	942 180	879 460	972 070	972 070	1 012 784	1 079 187	1 061 182
<b>Surplus/(Deficit) for the year</b>	2	462 991	331 910	487 829	739 839	626 049	626 049	570 196	472 445	592 595

**Explanatory notes to MBRR Table A3 - Budgeted Financial Performance (revenue and expenditure by municipal vote)**

1. Table A3 is a view of the budgeted financial performance in relation to the revenue and expenditure per municipal vote. This table facilitates the view of the budgeted operating performance in relation to the organisational structure of the Municipality. This means it is possible to present the operating surplus or deficit of a vote.

**Table 15 MBRR Table A4 - Budgeted Financial Performance (revenue and expenditure)**

MP325 Bushbuckridge - Table A4 Budgeted Financial Performance (revenue and expenditure)								2017/18 Medium Term Revenue & Expenditure Framework		
Description	Ref	2013/14	2014/15	2015/16	Current Year 2016/17			Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
R thousand	1	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast			
<u>Revenue By Source</u>										
Property rates	2	55 801	160 250	168 493	180 000	180 000	180 000	194 789	206 477	218 665
Service charges - electricity revenue	2	-	-	-	-	-	-	-	-	-
Service charges - water revenue	2	26 272	23 826	22 146	37 528	44 948	44 948	51 104	54 283	58 346
Service charges - sanitation revenue	2	2 287	3 052	3 070	3 277	3 277	3 277	4 114	4 360	4 622
Service charges - refuse revenue	2	4 391	5 865	5 993	6 492	7 992	7 992	7 450	6 744	7 187
Service charges - other		-								
Rental of facilities and equipment		332	884	744	985	1 185	1 185	1 244	1 319	1 398
Interest earned - external investments		7 325	9 570	13 804	11 893	13 893	13 893	15 010	14 500	15 000
Interest earned - outstanding debtors		61 301	-	100 259	26 000	34 000	34 000	55 000	28 665	35 000
Dividends received										
Fines, penalties and forfeits		2 894	1 152	6 224	2 625	2 625	2 625	2 756	2 894	3 068
Licences and permits		395	3 298	348	17 767	17 767	17 767	12 208	12 819	13 585
Agency services		10 028	9 926	9 575	9 550	9 550	9 550	10 027	10 528	11 160
Transfers and subsidies		501 680	554 770	658 688	654 266	654 266	654 266	696 593	723 485	755 040
Other revenue	2	8 091	4 001	3 234	3 210	3 760	3 760	9 051	9 632	10 259
Gains on disposal of PPE		3 151	984	1 072						
Total Revenue (excluding capital transfers and contributions)		683 946	777 578	993 651	953 592	973 262	973 262	1 059 346	1 075 706	1 133 330
<u>Expenditure By Type</u>										
Employee related costs	2	224 770	281 150	326 980	338 150	355 570	355 570	381 527	408 133	436 550
Remuneration of councillors		24 072	27 764	25 388	31 841	30 791	30 791	32 639	34 597	36 673
Debt impairment	3	23 861	49 589	114 749	83 000	113 000	113 000	115 788	133 127	139 467
Depreciation & asset impairment	2	68 393	76 511	76 866	45 150	70 150	70 150	72 000	74 500	77 500
Finance charges		8 120	774	2 771	606	606	606	342	363	384
Bulk purchases	2	133 067	208 977	206 125	185 000	215 000	215 000	223 000	236 380	250 563
Other materials	8	57 517	28 009	36 150	44 485	40 585	40 585	25 510	25 486	27 094
Contracted services		48 072	41 695	43 266	42 271	43 451	43 451	52 744	55 957	59 351
Transfers and subsidies		39 388	14 872	30 419	10 746	12 646	12 646	11 668	12 368	13 110
Other expenditure	4, 5	54 376	59 795	69 210	94 345	87 455	87 455	81 159	92 424	98 361
Loss on disposal of PPE		-	1 062	1 373						
Total Expenditure		681 636	790 200	933 297	875 595	969 255	969 255	996 376	1 073 335	1 139 053
Surplus/(Deficit)		2 311	(12 622)	60 354	77 997	4 007	4 007	62 970	2 371	(5 723)
Transfers and subsidies - capital (monetary allocations) (National /		455 300	341 256	422 643	649 773	612 773	612 773	507 080	459 290	492 887
(monetary allocations) (National /	6	-	-	-	-	-	-	-	-	-
Transfers and subsidies - capital (in-kind - all)										
Surplus/(Deficit) after capital transfers & contributions		457 611	328 634	482 997	727 770	616 780	616 780	570 050	461 661	487 164
Taxation										
Surplus/(Deficit) after taxation		457 611	328 634	482 997	727 770	616 780	616 780	570 050	461 661	487 164
Attributable to minorities										
Surplus/(Deficit) attributable to		457 611	328 634	482 997	727 770	616 780	616 780	570 050	461 661	487 164
Share of surplus/ (deficit) of associate	7									
Surplus/(Deficit) for the year		457 611	328 634	482 997	727 770	616 780	616 780	570 050	461 661	487 164

**Explanatory notes to Table A4 - Budgeted Financial Performance (revenue and expenditure)**

1. Total revenue is R1.06 billion in 2017/18 draft budget, and projected to increase to R 1.13 billion in 2019/20. This will represents an increase of 8.1 per cent for the 2017/18 financial year when comparing with the adjustment budget for 2016/17.
2. Revenue to be generated from property rates is R194.8 million in the 2017/18 financial year draft budget, and increases to R218 million in 2019/20 which represents 7.2 per cent increase of the operating revenue base of the Municipality and still therefore remains a significant funding source for the municipality. The projections are more of billing than the actual cash to be collected. The increase of property rates from the last 3 financial years was mainly due to the billing that were made for Government Departments and Kruger National Park. And that will also shows decrease over the medium-term and tariff increases have been factored for each of the respective financial years of the MTREF.
3. Water constitutes the second highest revenue collection for the municipality as projected, which amount to R 45 million in the 2016/17 adjusted budget, and will increase to R 51 million in 2017/18 financial year. The difference between the billing and what we pay Rand Water board for purchase of bulk water is a major concern for the municipality, and the municipality is working at a loss. The municipality is currently bill less for the water charges.
4. Sanitation and refuse removal constitutes the lowest component of the revenue basket of the Municipality totalling R3.2 million and R 7.9 million respectively for the 2015/16 financial year and increasing to R4.1 million and R 7.4 million in 2017/18 projections. For the 2017/18 financial year services charges amount to 5.8 per cent of the total revenue base and grows by 1 per cent per annum over the medium-term. This growth can mainly be attributed to the increase in the bulk prices of water.
5. Transfers recognised – operating includes the local government equitable share and other operating grants from national and provincial government. It needs to be noted that in real terms the grants receipts from national government are growing rapidly over the MTREF by 15 per cent and 10 per cent for the two outer years. The percentage share of this revenue source increase due to the less rapid relative growth in service charge revenues. The grants represents the 66 percent of the total operational revenue base for the municipality.
6. Bulk purchases have significantly increased over the MTREF and will escalate from R215 million in 2016/17 final adjusted budget to R223 million in 2017/18. These increases can be attributed to the substantial increase in the cost of bulk water from Rand Water Board. Currently there is a service level agreement signed between the municipality and the water board.
7. Employee related costs and bulk purchases are the main cost drivers within the municipality and alternative operational gains and efficiencies will have to be identified to lessen the impact of wage and bulk tariff increases in future years. Employee Related costs has been

appropriated at R 381 million for 2017/18, due to the salaries increment approved by SALGA, and implementation of the approved organogram.

8. Remuneration of councilors, is mainly due to the implementation of the upper limits as approved by COGTA, and has been appropriated at R 32.6 million.
9. Contracted services is mainly due to utilization of the service providers in providing specialized services, and has been budgeted an amount of R 52.7 million in 2017/18 draft budget. This is mainly due to the appointment of securities companies after the contract has ended for the appointed ones.
10. Transfers and grants, shows a substantial decrease in 2017/18, with reduction from R 12.6 million in 2016/17 adjusted budget to R 11.7 million. This was mainly due to the implementation of the revised indigent register, whereby the number of qualifying indigent households has drastically reduced.

**Table 16 MBRR Table A5 - Budgeted Capital Expenditure by vote, standard classification and funding source**

MP325 Bushbuckridge - Table A5 Budgeted Capital Expenditure by vote, functional classification and funding										
Vote Description	Ref	2013/14	2014/15	2015/16	Current Year 2016/17			2017/18 Medium Term Revenue &		
R thousand	1	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
<u>Capital expenditure - Vote</u>										
<u>Multi-year expenditure to be appropriated</u>	2									
Vote 1 - Dept 001 - Budget & Treasury Office		-	-	-	-	-	-	1 452	-	-
Vote 2 - Dept 002 - Corporate Services		5 827	3 643	8 619	25 250	16 650	16 650	1 620	451	693
Vote 3 - Dept 005 - Economic Development, Planning & Environment		4 526	4 756	4 814	24 450	20 550	20 550	37 603	20 000	41 000
Vote 4 - Dept 006 - Community Support Services		10 286	8 138	1 814	2 550	1 920	1 920	1 000	2 500	-
Vote 5 - Dept 008 - Office of the Municipal Manager		-	-	-	-	-	-	65	68	70
Vote 6 - Dept 009 - Office of the Speaker		-	-	-	-	-	-	96	-	-
Vote 7 - Dept 010 - Office of the Mayor		-	-	-	-	-	-	-	-	-
Vote 8 - Dept 013 - Community Support Services - Training		-	-	-	-	-	-	2 280	2 300	2 200
Vote 9 - Dept 014 - Municipal Works - Public Works		7 540	2 585	4 637	5 000	5 000	5 000	800	-	-
Vote 10 - Dept 015 - Municipal Works - Water		187 681	152 835	500 070	461 936	438 070	438 070	437 000	170 500	138 500
Vote 11 - Dept 016 - Municipal Works - Roads		145 094	110 856	105 215	77 350	90 895	90 895	32 880	9 275	-
Vote 12 - Dept 017 - EDPE - Refuse		-	2 057	-	4 500	3 300	3 300	1 800	3 800	4 500
Vote 13 - Dept 018 - Municipal Works - Sewerage		33 302	18 267	13 549	60 200	27 200	27 200	22 200	40 000	-
Vote 14 - Dept 020 - Municipal Works - PMU		11 643	7 192	11 679	69 103	27 260	27 260	31 400	-	-
0		-	-	-	-	-	-	-	-	-
<b>Capital multi-year expenditure sub-total</b>	<b>7</b>	<b>405 900</b>	<b>310 329</b>	<b>650 398</b>	<b>730 339</b>	<b>630 845</b>	<b>630 845</b>	<b>570 196</b>	<b>248 894</b>	<b>186 963</b>
<u>Capital Expenditure - Functional</u>										
<i>Governance and administration</i>		-	-	-	-	-	-	1 548	-	-
Executive and council		-	-	-	-	-	-	96	-	-
Finance and administration		-	-	-	-	-	-	1 452	-	-
Internal audit										
<i>Community and public safety</i>		1 675	4 706	1 251	47 105	11 005	11 005	21 400	-	-
Community and social services										
Sport and recreation		1 675	4 706	1 251	37 405	3 205	3 205	13 900	-	-
Public safety										
Housing		-	-	-	9 700	7 800	7 800	7 500	-	-
Health										
<i>Economic and environmental services</i>		149 620	115 612	110 030	101 800	111 445	111 445	70 483	29 275	41 000
Planning and development		4 526	4 756	4 814	24 450	20 550	20 550	37 603	20 000	41 000
Road transport		145 094	110 856	105 215	77 350	90 895	90 895	32 880	9 275	-
Environmental protection										
<i>Trading services</i>		237 996	176 472	526 871	550 834	484 443	484 443	471 800	214 300	143 000
Energy sources		17 013	3 313	13 251	24 198	15 873	15 873	10 800	-	-
Water management		187 681	152 835	500 070	461 936	438 070	438 070	437 000	170 500	138 500
Waste water management		33 302	18 267	13 549	60 200	27 200	27 200	22 200	40 000	-
Waste management		-	2 057	-	4 500	3 300	3 300	1 800	3 800	4 500
<i>Other</i>		16 609	13 539	12 247	30 600	23 952	23 952	4 965		
<b>Total Capital Expenditure - Functional</b>	<b>3</b>	<b>405 900</b>	<b>310 329</b>	<b>650 398</b>	<b>730 339</b>	<b>630 845</b>	<b>630 845</b>	<b>570 196</b>	<b>243 575</b>	<b>184 000</b>
<u>Funded by:</u>										
National Government		399 699	300 868	644 333	658 784	599 290	599 290	509 645	223 575	143 000
Provincial Government										
District Municipality										
Other transfers and grants		6 201	9 461	6 065	71 555	31 555	31 555	60 551	20 000	41 000
<b>Transfers recognised - capital</b>	<b>4</b>	<b>405 900</b>	<b>310 329</b>	<b>650 398</b>	<b>730 339</b>	<b>630 845</b>	<b>630 845</b>	<b>570 196</b>	<b>243 575</b>	<b>184 000</b>

**Explanatory notes to Table A5 - Budgeted Capital Expenditure by vote, standard classification and funding source;**

1. Table A5 is a breakdown of the capital programme in relation to capital expenditure by municipal vote (multi-year and single-year appropriations); capital expenditure by standard classification; and the funding sources necessary to fund the capital budget, including information on capital transfers from national and provincial departments.
2. The MFMA provides that a municipality may approve multi-year or single-year capital budget appropriations. In relation to multi-year appropriations, for 2017/18, R570 million has been allocated to the capital budget, which shows a decrease as compared to the final budget for 2016/17, which amounted to R 630 million. The main reason for the decrease is mainly due to reduction of capital grants allocated to the municipality. The capital allocation escalates to much in 2017/18 in owing primarily to the fact that various projects will reach completion in 2018/19 and 2019/20 hence the spike in expenditure in year two.
3. Unlike multi-year capital appropriations, single-year appropriations relate to expenditure that will be incurred in the specific budget year such as the procurement of vehicles and specialized tools and equipment. The budget appropriations for the two outer years are indicative allocations based on the departmental business plans as informed by the IDP and will be reviewed on an annual basis to assess the relevance of the expenditure in relation to the strategic objectives and service delivery imperatives of the Municipality. For the purpose of funding assessment of the MTREF, these appropriations have been included but no commitments will be incurred against single-year appropriations for the two outer-years.
4. The capital programme is funded from capital and provincial grants and transfers, public contributions and Equitable Share. For 2017/18, all the capital projects will be funded through grants and partly from the Equitable shares due to the financial challenges within the municipality.

**Table 17 MBRR Table A6 - Budgeted Financial Position**

MP325 Bushbuckridge - Table A6 Budgeted Financial Position															
Description	Ref	2013/14	2014/15	2015/16	Current Year 2016/17			2017/18 Medium Term Revenue & Budget Year							
					Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	2017/18				
R thousand															
<b>ASSETS</b>															
Current assets															
Cash		152 577	213 635	135 583	196 000	106 000	106 000	85 000	90 950	97 317					
Call investment deposits	1	-	-	-	-	-	-	-	-	-					
Consumer debtors	1	157 949	687 857	551 751	464 000	638 000	638 000	848 486	856 971	865 541					
Other debtors		231 334		88 580	569 000	569 000	569 000	587 312	628 424	672 414					
Current portion of long-term receivables															
Inventory	2	950	2 430	4 783	3 895	3 895	3 895	4 127	4 223	4 369					
Total current assets		542 810	903 922	780 697	1 232 895	1 316 895	1 316 895	1 524 925	1 580 568	1 639 640					
Non current assets															
Long-term receivables															
Investments															
Investment property															
Investment in Associate															
Property , plant and equipment	3	1 853 438	2 012 202	2 599 878	3 538 962	2 973 712	2 973 712	3 154 240	3 343 494	3 544 104					
Agricultural															
Biological															
Intangible		2 075	1 686	983	4 658	1 213	1 213	1 301	1 379	1 462					
Other non-current assets															
Total non current assets		1 855 513	2 013 888	2 600 861	3 543 620	2 974 925	2 974 925	3 155 541	3 344 873	3 545 566					
<b>TOTAL ASSETS</b>		<b>2 398 323</b>	<b>2 917 810</b>	<b>3 381 557</b>	<b>4 776 515</b>	<b>4 291 820</b>	<b>4 291 820</b>	<b>4 680 466</b>	<b>4 925 441</b>	<b>5 185 205</b>					
<b>LIABILITIES</b>															
Current liabilities															
Bank overdraft	1					40 000	40 000	40 000							
Borrowing	4	-	-	-	-	-	-	-	-	-					
Consumer deposits		2 421	2 421	2 423	2 411	2 411	2 411								
Trade and other payables	4	601 341	558 623	603 628	338 000	388 000	388 000	401 614	425 711	451 253					
Provisions		20 940	29 615	58 418	31 251	31 251	31 251								
Total current liabilities		624 702	590 659	664 469	371 662	461 662	461 662	441 614	425 711	451 253					
Non current liabilities															
Borrowing		-	-	-	-	-	-	-	-	-					
Provisions		19 560	116 044	39 120	130 254	130 254	130 254	138 443	148 134	158 503					
Total non current liabilities		19 560	116 044	39 120	130 254	130 254	130 254	138 443	148 134	158 503					
<b>TOTAL LIABILITIES</b>		<b>644 262</b>	<b>706 703</b>	<b>703 589</b>	<b>501 916</b>	<b>591 916</b>	<b>591 916</b>	<b>580 057</b>	<b>573 845</b>	<b>609 757</b>					
<b>NET ASSETS</b>	5	<b>1 754 061</b>	<b>2 211 107</b>	<b>2 677 968</b>	<b>4 274 599</b>	<b>3 699 904</b>	<b>3 699 904</b>	<b>4 100 409</b>	<b>4 351 596</b>	<b>4 575 449</b>					
<b>COMMUNITY WEALTH/EQUITY</b>															
Accumulated Surplus/(Deficit)		1 754 061	2 180 875	2 677 968	4 274 599	3 699 904	3 699 904	4 100 409	4 351 596	4 575 449					
Reserves	4	-	-	-	-	-	-	-	-	-					
<b>TOTAL COMMUNITY WEALTH/EQUITY</b>	5	<b>1 754 061</b>	<b>2 180 875</b>	<b>2 677 968</b>	<b>4 274 599</b>	<b>3 699 904</b>	<b>3 699 904</b>	<b>4 100 409</b>	<b>4 351 596</b>	<b>4 575 449</b>					

**Explanatory notes to Table A6 - Budgeted Financial Position**

1. Table A6 is consistent with international standards of good financial management practice, and improves understandability for councilors and management of the impact of the budget on the statement of financial position (balance sheet).
2. This format of presenting the statement of financial position is aligned to GRAP1, which is generally aligned to the international version which presents Assets less Liabilities as "accounting" Community Wealth. The order of items within each group illustrates items in order of liquidity; i.e. assets readily converted to cash, or liabilities immediately required to be met from cash, appear first.
3. Table 66 is supported by an extensive table of notes (**SA3**) providing a detailed analysis of the major components of a number of items, including:
  - Call investments deposits;
  - Consumer debtors;
  - Property, plant and equipment;
  - Trade and other payables;
  - Provisions non current;
  - Changes in net assets; and
  - Reserves.
4. The municipal equivalent of equity is Community Wealth/Equity. The justification is that ownership and the net assets of the municipality belong to the community.
5. Any movement on the Budgeted Financial Performance or the Capital Budget will inevitably impact on the Budgeted Financial Position. As an example, the collection rate assumption will impact on the cash position of the municipality and subsequently inform the level of cash and cash equivalents at year end. Similarly, the collection rate assumption should inform the budget appropriation for debt impairment which in turn would impact on the provision for bad debt. These budget and planning assumptions form a critical link in determining the applicability and relevance of the budget as well as the determination of ratios and financial indicators. In addition the funding compliance assessment is informed directly by forecasting the statement of financial position.

**Table 18 MBRR Table A7 - Budgeted Cash Flow Statement**

### Explanatory notes to Table A7 - Budgeted Cash Flow Statement

1. The budgeted cash flow statement is the first measurement in determining if the budget is funded.
2. It shows the expected level of cash in-flow versus cash out-flow that is likely to result from the implementation of the budget.
3. It can be seen that the cash levels of the Municipality fell significantly over the 2013/14 period owing directly to a net decrease in cash.
4. As part of the 2016/17 mid-year review and Adjustments Budget this unsustainable cash position had to be addressed as a matter of urgency and various interventions were implemented such as the reduction of expenditure allocations and rationalization of spending priorities.
5. In addition the Municipality will undertake an extensive debt collection drive in order to boost revenue collection for the municipality.
6. The 2017/18 MTREF has been informed by the planning principle of ensuring adequate cash reserves over the medium-term.

**Table 19 MBRR Table A8 - Cash Backed Reserves/Accumulated Surplus Reconciliation**

MP325 Bushbuckridge - Table A8 Cash backed reserves/accumulated surplus reconciliation											
Description	Ref	2013/14	2014/15	2015/16	Current Year 2016/17			2017/18 Medium Term Revenue &			
R thousand		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20	
<u>Cash and investments available</u>											
Cash/cash equivalents at the year end	1	142 475	301 154	(7 890)	81 545	116 422	116 422	73 978	264 541	543 981	
Other current investments > 90 days		10 102	(87 519)	143 472	114 455	(50 422)	(50 422)	(28 978)	(173 591)	(446 664)	
Non current assets - Investments	1	-	-	-	-	-	-	-	-	-	
Cash and investments available:		152 577	213 635	135 583	196 000	66 000	66 000	45 000	90 950	97 317	
<u>Application of cash and investments</u>											
Unspent conditional transfers		4 541	64 767	61 456	25 000	75 000	75 000	112 102	118 828	125 958	
Unspent borrowing		-	-	-	-	-	-	-	-	-	
Statutory requirements	2										
Other working capital requirements	3	385 230	309 483	436 872	(46 158)	(82 351)	(82 351)	(90 047)	(115 236)	(106 171)	
Other provisions											
Long term investments committed	4	-	-	-	-	-	-	-	-	-	
Reserves to be backed by cash/investments	5										
Total Application of cash and investments:		389 771	374 250	498 328	(21 158)	(7 351)	(7 351)	22 055	3 592	19 786	
Surplus(shortfall)		(237 194)	(160 615)	(362 745)	217 158	73 351	73 351	22 945	87 358	77 530	

### Explanatory notes to Table A8 - Cash Backed Reserves/Accumulated Surplus Reconciliation

1. The cash backed reserves/accumulated surplus reconciliation is aligned to the requirements of MFMA Circular 42 – Funding a Municipal Budget.

2. In essence the table evaluates the funding levels of the budget by firstly forecasting the cash and investments at year end and secondly reconciling the available funding to the liabilities/commitments that exist.
3. The outcome of this exercise would either be a surplus or deficit. A deficit would indicate that the applications exceed the cash and investments available and would be indicative of non-compliance with the MFMA requirements that the municipality's budget must be "funded".
4. Non-compliance with section 18 of the MFMA is assumed because a shortfall would indirectly indicate that the annual budget is not appropriately funded.
5. From the table it can be seen that for the period 2013/14 to 2014/15 the deficit deteriorated extensively and will continue to increase until the municipality is financially viable
6. Considering the requirements of section 18 of the MFMA, it can be concluded that the adopted 2011/12 MTREF was not funded owing to the significant deficit.
7. As part of the budgeting and planning guidelines that informed the compilation of the 2017/18 MTREF the end objective of the medium-term framework was to ensure the budget is funded aligned to section 18 of the MFMA.
8. As can be seen the budget has been modelled to move in to a deficit for the entire MTREF period, unless the revenue enhancement strategy be implemented to boost the current revenue collection.

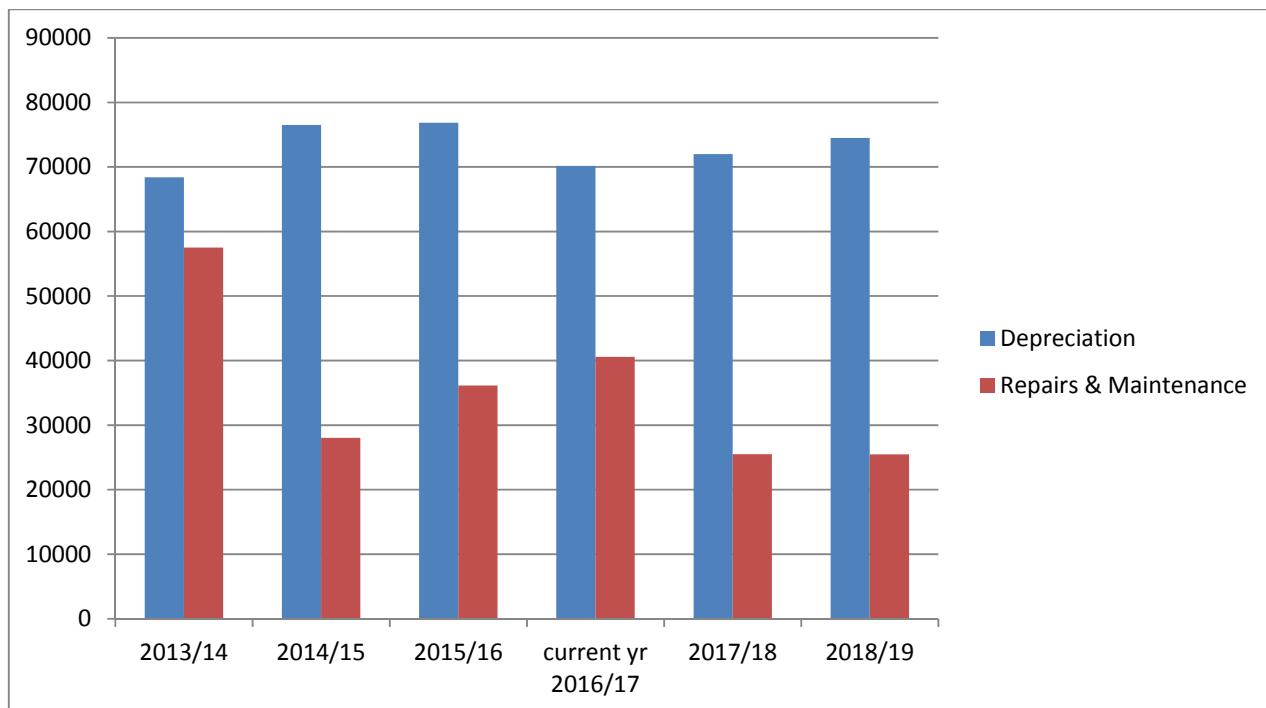
**Table 20 MBRR Table A9 - Asset Management**

## Bushbuckridge Local Municipality

## 2017/18 mSCOA Draft Annual Budget and MTREF

**Explanatory notes to Table A9 - Asset Management**

1. Table A9 provides an overview of municipal capital allocations to building new assets and the renewal of existing assets, as well as spending on repairs and maintenance by asset class.
2. National Treasury has recommended that municipalities should allocate at least 40 per cent of their capital budget to the renewal of existing assets, and allocations to repairs and maintenance should be 8 per cent of PPE. The Municipality does not meet both these recommendations, due to higher backlogs. The municipality is currently concentrating in implementing new projects.
3. The following graph provides an analysis between depreciation and operational repairs and maintenance over the MTREF. It highlights the Municipality's strategy to address the maintenance backlog.

**Figure 2 Depreciation in relation to repairs and maintenance over the MTREF**

**Table 21 MBRR Table A10 - Basic Service Delivery Measurement**

MP325 Bushbuckridge - Table A10 Basic service delivery measurement										
Description	Ref	2013/14	2014/15	2015/16	Current Year 2016/17			2017/18 Medium Term Revenue &		
		Outcome	Outcome	Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
<u>Household service targets</u>	1									
<u>Water:</u>										
Piped water inside dwelling		12 273	13 500	17 324	18 363	18 363	18 363	19 465	20 633	21 871
Piped water inside yard (but not in dwelling)		25 526	28 079	36 032	38 194	38 194	38 194	40 486	42 915	45 490
Using public tap (at least min.service level)	2	78 983	86 881	111 491	118 180	118 180	118 180	125 271	132 787	140 754
Other water supply (at least min.service level)	4	8 587	9 445	12 121	12 848	12 848	12 848	13 619	14 436	15 302
<i>Minimum Service Level and Above sub-total</i>		125 368	137 905	176 968	187 586	187 586	187 586	198 841	210 771	223 418
Using public tap (< min.service level)	3	-	-	-	-	-	-	-	-	-
Other water supply (< min.service level)	4	-	-	-	-	-	-	-	-	-
No water supply		-	-	-	-	-	-	-	-	-
<i>Below Minimum Service Level sub-total</i>		-	-	-	-	-	-	-	-	-
Total number of households	5	125 368	137 905	176 968	187 586	187 586	187 586	198 841	210 771	223 418
<u>Sanitation/sewerage:</u>										
Flush toilet (connected to sewerage)		5 745	6 319	7 816	8 285	8 285	8 285	8 782	9 308	9 867
Flush toilet (with septic tank)		1 628	1 791	2 215	2 348	2 348	2 348	2 489	2 638	2 796
Chemical toilet		229	251	311	330	330	330	349	370	392
Pit toilet (ventilated)		12 323	13 555	16 765	17 771	17 771	17 771	18 837	19 968	21 166
Other toilet provisions (> min.service level)		6 990	7 689	9 510	10 081	10 081	10 081	10 686	11 327	12 006
<i>Minimum Service Level and Above sub-total</i>		26 914	29 606	36 617	38 814	38 814	38 814	41 142	43 611	46 228
Bucket toilet		-	-	-	-	-	-	-	-	-
Other toilet provisions (< min.service level)		90 204	99 225	109 644	111 837	111 837	111 837	117 429	123 300	129 465
No toilet provisions		-	-	-	-	-	-	-	-	-
<i>Below Minimum Service Level sub-total</i>		90 204	99 225	109 644	111 837	111 837	111 837	117 429	123 300	129 465
Total number of households	5	117 119	128 831	146 261	150 651	150 651	150 651	158 571	166 911	175 693
<u>Energy:</u>										
Electricity (at least min.service level)		-	-	-	-	-	-	-	-	-
Electricity - prepaid (min.service level)		-	-	-	-	-	-	-	-	-
<i>Minimum Service Level and Above sub-total</i>		-	-	-	-	-	-	-	-	-
Electricity (< min.service level)		-	-	-	-	-	-	-	-	-
Electricity - prepaid (< min. service level)		-	-	-	-	-	-	-	-	-
Other energy sources		-	-	-	-	-	-	-	-	-
<i>Below Minimum Service Level sub-total</i>		-	-	-	-	-	-	-	-	-
Total number of households	5	-	-	-	-	-	-	-	-	-
<u>Refuse:</u>										
Removed at least once a week		8 330	8 330	8 829	9 270	9 270	9 270	9 734	10 221	10 732
<i>Minimum Service Level and Above sub-total</i>		8 330	8 330	8 829	9 270	9 270	9 270	9 734	10 221	10 732
Removed less frequently than once a week		471	518	641	679	679	679	713	749	786
Using communal refuse dump		526	579	716	758	758	758	796	836	878
Using own refuse dump		111 859	123 045	113 207	120 000	120 000	120 000	126 000	132 300	138 915
Other rubbish disposal		52	57	54	57	57	57	60	63	66
No rubbish disposal		9 515	10 467	9 630	10 208	10 208	10 208	10 718	11 254	11 817
<i>Below Minimum Service Level sub-total</i>		122 423	134 665	124 247	131 702	131 702	131 702	138 287	145 202	152 462
Total number of households	5	130 752	142 995	133 076	140 973	140 973	140 973	148 021	155 422	163 193

MP325 Bushbuckridge - Table A10 Basic service delivery measurement			2013/14	2014/15	2015/16	Current Year 2016/17			2017/18 Medium Term Revenue & Expenditure		
Description	Ref	Outcome	Outcome	Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20	
Cost of Free Basic Services provided - Formal Settlements	8	-	-	-	-	-	-	-	-	-	
Water (6 kilolitres per indigent household per month)		-	-	-	-	-	-	-	-	-	
Sanitation (free sanitation service to indigent households)		-	-	-	-	-	-	-	-	-	
Electricity/other energy (50kwh per indigent household per month)		-	-	-	-	-	-	-	-	-	
Refuse (removed once a week for indigent households)		-	-	-	-	-	-	-	-	-	
Cost of Free Basic Services provided - Informal Settlements		-	-	-	-	-	-	-	-	-	
Total cost of FBS provided		-	-	-	-	-	-	-	-	-	
Highest level of free service provided per household											
Property rates (R value threshold)											
Water (kilolitres per household per month)											
Sanitation (kilolitres per household per month)											
Sanitation (Rand per household per month)											
Electricity (kwh per household per month)											
Refuse (average litres per week)											
Revenue cost of subsidised services provided (R'000)	9										
Property rates (tariff adjustment) ( impermissible values per section 17 of MPRA)											
Property rates exemptions, reductions and rebates and impermissible values in excess of section 17 of MPRA)		3 544	4 934	5 401	5 814	5 814	5 814	6 163	6 533	7 125	
Water (in excess of 6 kilolitres per indigent household per month)		496	432	523	593	1 173	1 173	622	653	-	
Sanitation (in excess of free sanitation service to indigent households)		2	1	2	-	-	-	-	-	-	
Electricity/other energy (in excess of 50 kwh per indigent household per month)		-	-	-	-	-	-	-	-	-	
Refuse (in excess of one removal a week for indigent households)		-	-	-	-	-	-	-	-	-	
Municipal Housing - rental rebates											
Housing - top structure subsidies	6										
Other											
Total revenue cost of subsidised services provided		4 042	5 368	5 926	6 407	6 987	6 987	6 785	7 186	7 125	

### Explanatory notes to Table A10 - Basic Service Delivery Measurement

1. Table A10 provides an overview of service delivery levels, including backlogs (below minimum service level), for each of the main services.
2. The Municipality continues to make good progress with the eradication of backlogs:
  - a. Water services – backlog will be reduced by over 1000 households in 2016/17 to just 700 households. These households are largely found in ‘reception areas’ and will need to formalise the areas so that they can receive services.
  - b. Sanitation services – backlog will be reduced by over 3000 households over the MTREF. The number of households with no toilet provision will be reduced after completion of rural sanitation project in 2016/17.
  - c. Electrification – backlog will be reduced by ESKOM and the municipality to non electrified households. As indicated elsewhere, the emphasis in the sector is on addressing urgent network upgrades. Once the most pressing network issues have been addressed, the electrification programme will be prioritised; with 2700 households budgeted to be electrified in 2016/17.
  - d. Refuse services – backlog will be reduced in 2016/17, and a further 14 000 households in the outer two years of the MTREF. However it should be noted that

this function is being investigated with a view to realising greater efficiencies, which is likely to translate into a more rapid process to address backlogs.

3. The budget provides for indigent households in 2016/17, and therefore entitled to receiving Free Basic Services. The number is set to increase given the rapid rate of in-migration to the Municipality, especially by poor people seeking economic opportunities.
4. It is anticipated that these Free Basic Services will cost the municipality, and the cost will be covered by the municipality's equitable share allocation from national government.
5. In addition to the Free Basic Services, the Municipality also 'gives' households free services in 2016/17, and also the entire MTREF period. This 'tax expenditure' needs to be seen within the context of the municipality's overall revenue management strategy – the more the municipality gives away, the less there is available to fund other services. Currently, the 'free services' represent about 4 per cent of total operating revenue.

## Part 2 – Supporting Documentation

### 2.1 Overview of the annual budget process

Section 53 of the MFMA requires the Mayor of the municipality to provide general political guidance in the budget process and the setting of priorities that must guide the preparation of the budget. In addition Chapter 2 of the Municipal Budget and Reporting Regulations states that the Mayor of the municipality must establish a Budget Steering Committee to provide technical assistance to the Mayor in discharging the responsibilities set out in section 53 of the Act.

The Budget Steering Committee consists of the Municipal Manager and senior officials of the municipality meeting under the chairpersonship of the Executive Mayor or MMC for Finance.

The primary aims of the Budget Steering Committee is to ensure:

- that the process followed to compile the budget complies with legislation and good budget practices;
- that there is proper alignment between the policy and service delivery priorities set out in the Municipality's IDP and the budget, taking into account the need to protect the financial sustainability of municipality;
- that the municipality's revenue and tariff setting strategies ensure that the cash resources needed to deliver services are available; and
- that the various spending priorities of the different municipal departments are properly evaluated and prioritised in the allocation of resources.

#### 2.1.1 Budget Process Overview

In terms of section 21 of the MFMA the Mayor is required to table in Council ten months before the start of the new financial year (i.e. in August 2011) a time schedule that sets out the process to revise the IDP and prepare the budget.

The Mayor tabled in Council the required the IDP and budget time schedule on August 2016. Key dates applicable to the process were:

- **August 2016** – Joint strategic planning session of the Mayoral Committee and Executive Management. Aim: to review past performance trends of the capital and operating budgets, the economic realities and to set the prioritisation criteria for the compilation of the 2017/18 MTREF;
- **November - December 2016** – Detail departmental budget proposals (capital and operating) submitted to the Budget and Treasury Office for consolidation and assessment against the financial planning guidelines;
- **January 2016** – Multi-year budget proposals are submitted to the Mayoral Committee for endorsement;
- **28 January 2017** - Council considers the 2016/17 Mid-year Review and Adjustments Budget;
- **February – March 2017** - Recommendations of the Mayoral Committee are communicated to the Budget Steering Committee, and on to the respective departments. The draft 2017/18 MTREF is revised accordingly;

- **31 March 2017** - Tabling in Council of the draft 2017/18 IDP and Budget - 2019/20 MTREF for public consultation;
- **April – May 2017** – Public consultation;
- **15 May 2017** - Closing date for written comments;
- **15 May 2017 to 25 May 2017** – finalisation of the 2017/18 IDP and 2017/18 MTREF, taking into consideration comments received from the public, comments from National Treasury, and updated information from the most recent Division of Revenue Bill and financial framework; and
- **31 May 2017** - Tabling of the 2017/18 MTREF before Council for consideration and approval.

## **2.1.2 IDP and Service Delivery and Budget Implementation Plan**

The Municipality's IDP is its principal strategic planning instrument, which directly guides and informs its planning, budget, management and development actions. This framework is rolled out into objectives, key performance indicators and targets for implementation which directly inform the Service Delivery and Budget Implementation Plan. The Process Plan applicable to the fourth revision cycle included the following key IDP processes and deliverables:

- Registration of community needs;
- Compilation of departmental business plans including key performance indicators and targets;
- Financial planning and budgeting process;
- Public participation process;
- Compilation of the SDBIP, and
- The review of the performance management and monitoring processes.

The IDP has been taken into a business and financial planning process leading up to the 2017/18 MTREF, based on the approved 2017/18 MTREF, Mid-year Review and adjustments budget. The business planning process has subsequently been refined in the light of current economic circumstances and the resulting revenue projections.

With the compilation of the 2017/18 MTREF, each department/function had to review the business planning process, including the setting of priorities and targets after reviewing the mid-year and third quarter performance against the 2016/17 Departmental Service Delivery and Budget Implementation Plan. Business planning links back to priority needs and master planning, and essentially informed the detail operating budget appropriations and three-year capital programme.

## **2.1.3 Financial Modelling and Key Planning Drivers**

As part of the compilation of the 2017/18 MTREF, extensive financial modelling was undertaken to ensure affordability and long-term financial sustainability. The following key factors and planning strategies have informed the compilation of the 2017/18 MTREF:

- Municipality growth
- Policy priorities and strategic objectives

- Asset maintenance
- Economic climate and trends (i.e inflation, Eskom increases, household debt, migration patterns)
- Performance trends
- The approved 2016/17 adjustments budget and performance against the SDBIP
- Cash Flow Management Strategy
- Debtor payment levels
- The need for tariff increases versus the ability of the community to pay for services;
- Improved and sustainable service delivery

In addition to the above, the strategic guidance given in National Treasury's MFMA Circulars 85 & 86 has been taken into consideration in the planning and prioritisation process.

#### **2.1.4 Community Consultation**

The mSCOA draft 2017/18 MTREF as tabled before Council on 30 March 2017 for community consultation, hard copies were made available at head quarters, all 11 regional offices, municipal notice boards and various libraries.

All documents in the appropriate format (electronic and printed) were provided to National Treasury, and other national and provincial departments in accordance with section 23 of the MFMA, to provide an opportunity for them to make inputs.

Ward Committees will be utilised to facilitate the community consultation process in April - May 2017, and included 4 public briefing sessions that were held. The applicable dates and venues were published in all the local newspapers and on average attendance of +200 was recorded per meeting. This is up on the previous year's process. This can be attributed to the additional initiatives that were launched during the consultation process, including the specific targeting of ratepayer associations. Individual sessions were scheduled with organised business and imbizo's were held to further ensure transparency and interaction. Other stakeholders involved in the consultation included churches, non-governmental institutions and community-based organisations.

Submissions received during the community consultation process and additional information regarding revenue and expenditure and individual capital projects were addressed, and where relevant considered as part of the finalisation of the 2017/18 MTREF. The following are some of the issues and concerns raised as well as comments received during the consultation process:

- Capital expenditure is not allocated to the areas in the same ratio as the income derived from those areas. This is a normal practice in a collective taxation environment. The Municipality is responsible for managing the equitable use of resources to ensure that constitutional imperative to progressively improve basic services in undeveloped areas is realized in a sustainable manner over a reasonable period of time;
- Several complaints were received regarding poor service delivery, especially water supply, bad conditions of access roads and bridges,
- Poor performance of contractors relating to infrastructure development and maintenance especially in the areas of road construction and maintenance were raised;

- During the community consultation process large sections of the community made it clear that they are not in favour of any further tariff increases to fund additional budget requests. They indicated that the municipality must do more to ensure efficiencies and value for money.

Significant changes effected in the final 2017/18 MTREF will be made as compared to the draft 2017/18 MTREF that was tabled for community consultation, include:

- The final service charges tariff increase, applicable to municipalities from 1 July 2017, was factored into the proposed consumer tariffs, applicable from 1 July 2017.

## **2.2 Overview of alignment of annual budget with IDP**

The Constitution mandates local government with the responsibility to exercise local developmental and cooperative governance. The eradication of imbalances in South African society can only be realized through a credible integrated developmental planning process.

Municipalities in South Africa need to utilise integrated development planning as a method to plan future development in their areas and so find the best solutions to achieve sound long-term development goals. A municipal IDP provides a five year strategic programme of action aimed at setting short, medium and long term strategic and budget priorities to create a development platform, which correlates with the term of office of the political incumbents. The plan aligns the resources and the IDP of a municipality to its overall development aims and guides the municipal budget. An IDP is therefore a key instrument which municipalities use to provide vision, leadership and direction to all those that have a role to play in the development of a municipal area. The IDP enables municipalities to make the best use of scarce resources and speed up service delivery.

Integrated developmental planning in the South African context is amongst others, an approach to planning aimed at involving the municipality and the community to jointly find the best solutions towards sustainable development. Furthermore, integrated development planning provides a strategic environment for managing and guiding all planning, development and decision making in the municipality.

It is important that the IDP developed by municipalities correlate with National and Provincial intent. It must aim to co-ordinate the work of local and other spheres of government in a coherent plan to improve the quality of life for all the people living in that area. Applied to the Municipality, issues of national and provincial importance should be reflected in the IDP of the municipality. A clear understanding of such intent is therefore imperative to ensure that the Municipality strategically complies with the key national and provincial priorities.

The aim of this revision cycle was to develop and coordinate a coherent plan to improve the quality of life for all the people living in the area, also reflecting issues of national and provincial importance. One of the key objectives is therefore to ensure that there exists alignment between national and provincial priorities, policies and strategies and the Municipality's response to these requirements.

The national and provincial priorities, policies and strategies of importance include amongst others:

- Green Paper on National Strategic Planning of 2009;
- Government Programme of Action;
- Development Facilitation Act of 1995;
- Provincial Growth and Development Strategy (GGDS);
- National and Provincial spatial development perspectives;
- Relevant sector plans such as transportation, legislation and policy;
- National Key Performance Indicators (NKPIs);
- Accelerated and Shared Growth Initiative (ASGISA);
- National 2014 Vision;
- National Spatial Development Perspective (NSDP) and
- The National Priority Outcomes.

The Constitution requires local government to relate its management, budgeting and planning functions to its objectives. This gives a clear indication of the intended purposes of municipal integrated development planning. Legislation stipulates clearly that a municipality must not only give effect to its IDP, but must also conduct its affairs in a manner which is consistent with its IDP. The following table highlights the IDP's five strategic objectives for the 2016/17 MTREF and further planning refinements that have directly informed the compilation of the budget:

**Table 22 IDP Strategic Objectives**

**Municipal Goals and Strategic Objectives**

Municipal Goals	Strategic Objectives
<b>Goal 1:</b> Ensuring integrated development planning for the Municipality as a whole	<ul style="list-style-type: none"> <li>• Strengthen existing IDP structures</li> <li>• Improve the IDP and budget planning process</li> <li>• Ensure implementation of IDP priorities</li> <li>• Allocate available funds to identified priorities on a Multi-Year Plan</li> <li>• Promote Public-Private-Partnerships Ensure implementation of tourism and LED strategy</li> </ul>
<b>Goal 2:</b> Promoting bulk infrastructural development and services for the Municipality as a whole	<ul style="list-style-type: none"> <li>• Conduct research and development on existing and future infrastructure development and services</li> <li>• Solicit additional funding for infrastructural development and services</li> <li>• Monitoring the implementation of capital projects and services</li> </ul>

<b>Goal 3:</b> Building the capacity of BLM to perform its functions and exercise its powers where such capacity is lacking	<ul style="list-style-type: none"> <li>Assess the capacity of Bushbuckridge Local Municipality</li> <li>Provide support to regional offices</li> <li>Strengthen inter-governmental relations</li> </ul>
<b>Goal 4:</b> Promoting the equitable distribution of resources between all the wards in the Municipal area to ensure appropriate levels of municipal services within the areas	<ul style="list-style-type: none"> <li>Conduct constant monitoring of municipal services</li> <li>Facilitate appropriate response for identified priority needs</li> </ul>
<b>Goal 5:</b> Building a modern and performance driven municipality	<ul style="list-style-type: none"> <li>Implement performance management system</li> <li>Create awareness and buy-in to BLM strategy</li> <li>Improve communication strategy</li> <li>Continuous assessment and staff development through PMS</li> </ul>

In order to ensure integrated and focused service delivery between all spheres of government it was important for the Municipality to align its budget priorities with that of national and provincial government. All spheres of government place a high priority on infrastructure development, economic development and job creation, efficient service delivery, poverty alleviation and building sound institutional arrangements.

Local priorities were identified as part of the IDP review process which is directly aligned to that of the national and provincial priorities.

### Community Based Planning and Priority Issues

The following table outlines and summaries the challenges and service delivery priorities per ward:

	REMARKS	WARD
1. Water	<ul style="list-style-type: none"> <li>Insufficient water</li> <li>Insufficient supply</li> <li>Reticulation</li> </ul>	All Wards 1-37

	REMARKS	WARD
2. Sanitation	<ul style="list-style-type: none"> <li>• Insufficient sanitation</li> <li>• Lack of bulk sewerage infrastructure</li> <li>• VIP Toilets</li> </ul>	All Wards 1-37
3. Transport and Communication	<ul style="list-style-type: none"> <li>• Lack of telephones</li> <li>• Lack of information centers</li> <li>• Traffic services</li> <li>• Establishment and upgrading of bus and taxi ranks</li> </ul>	1,2,8,9,11,13,21,22,25,30,31,34,35,36,& 37
4. Energy	<ul style="list-style-type: none"> <li>• Insufficient electrification</li> <li>• Extensions</li> <li>• Power Failure</li> <li>• Use of alternative energy sources</li> </ul>	2,5,6,10,11,12,13,14,15,16,18,21,23,24, 27,31,33,34,35,&36.
5. Economic Growth and Development	<ul style="list-style-type: none"> <li>• Job creation</li> <li>• Construction of business centers</li> <li>• Upgrading of land tenure</li> <li>• Grazing land</li> <li>• Market Stalls</li> <li>• Farming</li> <li>• Cultural villages</li> <li>• Market opportunities</li> </ul>	All Wards 1-37
6. Disabled	<ul style="list-style-type: none"> <li>• User friendly schools for disabled</li> <li>• Skills development</li> </ul>	1,6,&19
7. Roads / Streets and bridges	<ul style="list-style-type: none"> <li>• Opening of streets</li> <li>• Rehabilitation streets</li> <li>• Re-gravelling and grading</li> </ul>	All Wards 1-37
7. Human Settlement	<ul style="list-style-type: none"> <li>• Provision of land for housing development</li> <li>• Provision of houses</li> </ul>	All wards 1-37

The following are the priority areas identified:

- Provide water;
- Provide roads, bridges and storm water;
- Provide sanitation;

- Provide waste removal;
- Provide Municipality planning services; and
- Maintaining the infrastructure of the Municipality.

In line with the MSA, the IDP constitutes a single, inclusive strategic plan for the Municipality. The five-year programme responds to the development challenges and opportunities faced by the Municipality by identifying the key performance areas to achieve the five the strategic objectives mentioned above.

In addition to the five-year IDP, the Municipality undertakes an extensive planning and developmental strategy which primarily focuses on a longer-term horizon; 15 to 20 years. This process is aimed at influencing the development path by proposing a substantial programme of public-led investment to restructure current patterns of settlement, activity and access to resources in the Municipality so as to promote greater equity and enhanced opportunity. The strategy specifically targets future developmental opportunities in traditional dormitory settlements. It provides direction to the Municipality's IDP, associated sectoral plans and strategies, and the allocation of resources of the Municipality and other service delivery partners.

This development strategy introduces important policy shifts which have further been translated into the following strategic focus areas/objectives as outlined below:

- Developing dormant areas;
- Maintaining existing R29 Towns;
- Strengthening key economic clusters;
- Strengthening the relationship with Chiefs;
- Building social cohesion;
- Strong developmental initiatives in relation to the municipal institution as a whole; and
- Sound financial fundamentals.

Lessons learned with previous IDP revision and planning cycles as well as changing environments were taken into consideration in the compilation of the fourth revised IDP, including:

- Strengthening the analysis and strategic planning processes of the Municipality;
- Initiating zonal planning processes that involve the communities in the analysis and planning processes. More emphasis was placed on area based interventions, within the overall holistic framework;
- Ensuring better coordination through a programmatic approach and attempting to focus the budgeting process through planning interventions; and
- Strengthening performance management and monitoring systems in ensuring the objectives and deliverables are achieved.

The 2015/16 MTREF has therefore been directly informed by the IDP revision process and the following tables provide a reconciliation between the IDP strategic objectives and operating revenue, operating expenditure and capital expenditure.

**Table 23 MBRR Table SA4 - Reconciliation between the IDP strategic objectives and budgeted revenue**

MP325 Bushbuckridge - Supporting Table SA4 Reconciliation of IDP strategic objectives and budget (revenue)												
Strategic Objective R thousand	Goal	Goal Code	Ref	2012/13	2013/14	2014/15	Current Year 2015/16			2016/17 Medium Term Revenue & Expenditure Framework		
				Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
Strengthen existing IDP structures . Improve the IDP and budget planning process. Ensure implementation of IDP priorities. Allocate available funds to identified priorities on a Multi-Year Plan. Promote Public-Private-Partnerships. Ensure implementation of tourism and LED strategy	Goal 1: Ensuring Integrated Development Planning for the Municipality as a whole			727 177	600 746	721 506	843 769	851 992	851 992	872 984	937 174	1 002 392
Conduct research and development on existing and future infrastructure development and services . Solicit additional funding for infrastructural development and services. Monitoring the implementation of capital projects and services	Goal 2: Promoting Bulk Infrastructural development services for the municipality			324 267	422 793	271 324	366 158	398 393	398 393	358 773	387 035	410 712
Assess the capacity of Bushbuckridge Local Municipality . Provide support to regional offices. Strengthen inter-governmental relations	Goal 3: Building the capacity of BLM to perform its functions and exercise its powers where such capacity is lacking			9 012	10 102							
Conduct constant monitoring of municipal services. Facilitate appropriate response for identified priority needs	Goal 4: Promoting the equitable distribution of resources between all the wards in the municipal area to ensure appropriate levels of municipal services within the areas			54 409	78 680	107 985	81 680	112 430	112 430	354 278	145 302	234 717
Implement performance management system. Create awareness and buy-in to BLM strategy . Improve communication strategy . Continuous assessment and staff development through PMS	Goal 5: Building a modern and perform driven municipality			(17 502)	19 796	14 160	27 869	27 869	27 869	29 263	30 726	32 263
Allocations to other priorities		2										
Total Revenue (excluding capital transfers and contributions)		1		1 097 363	1 132 118	1 114 974	1 319 476	1 390 683	1 390 683	1 615 299	1 500 238	1 680 084

**Table 24 MBRR Table SA5 - Reconciliation between the IDP strategic objectives and budgeted operating expenditure**

MP325 Bushbuckridge - Supporting Table SA5 Reconciliation of IDP strategic objectives and budget (operating expenditure)													
Strategic Objective	Goal	Goal Code	Ref	2012/13	2013/14	2014/15	Current Year 2015/16			2016/17 Medium Term Revenue & Expenditure Framework			
				Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19	
R thousand													
Strengthen existing IDP structures. Improve the IDP and budget planning process	Goal 1: Ensuring Intergrated Development Planning for the Municipality as a whole			382	409	512	1 011	921	921	1 013	1 063	1 116	
Monitoring the implementation of capital projects and services	Goal 2: Promoting Bulk lifrastructural development services for the municipality			123 289	133 067	208 977	171 820	171 820	171 820	185 000	199 800	215 784	
Assess the capacity of Bushbuckridge Local Municipality. Provide support to regional offices	Goal 3: Building the capacity of BLM to perform its functions and exercise its powers where such capacity is lacking			200 572	226 807	330 740	415 295	438 995	438 995	417 650	478 133	502 000	
Conduct constant monitoring of municipal services	Goal 4: Promoting the equitable distribution of resources between all the wards in the municipal area to ensure appropriate levels of municipal services within the areas			265 810	334 938	247 733	270 435	296 297	296 297	270 654	293 282	311 145	
Continuous assessment and staff development through PMS	Goal 5: Building a modern and perform driven municipality			104 468	2 025	93 949	9 522	12 001	12 001	17 261	18 144	21 847	
Allocations to other priorities													
Total Expenditure				1	694 520	697 246	881 911	868 083	920 034	920 034	891 577	990 423	1 051 893

**Table 25 MBRR Table SA6 - Reconciliation between the IDP strategic objectives and budgeted capital expenditure**

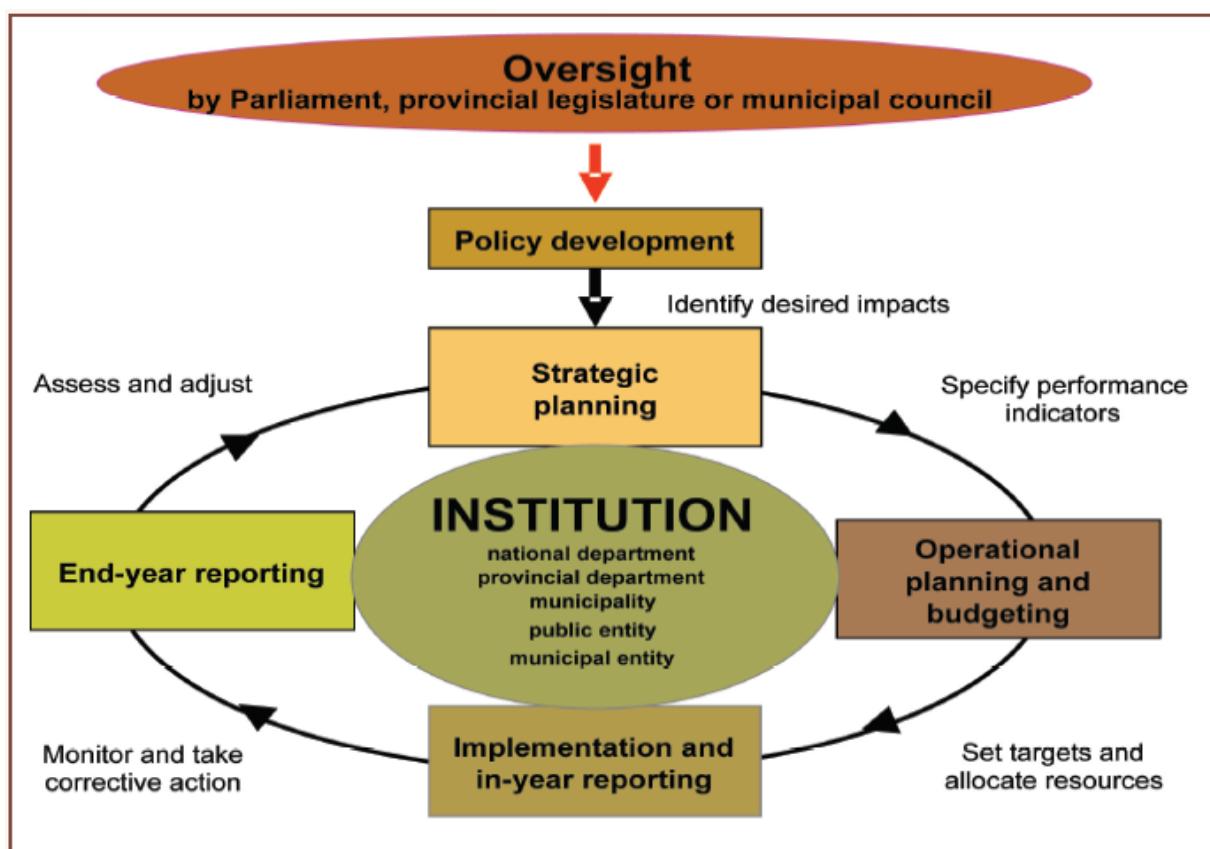
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## 2.3 Measurable performance objectives and indicators

Performance Management is a system intended to manage and monitor service delivery progress against the identified strategic objectives and priorities. In accordance with legislative requirements and good business practices as informed by the National Framework for Managing Programme Performance Information, the Municipality has developed and implemented a performance management system of which system is constantly refined as the integrated planning process unfolds. The Municipality targets, monitors, assesses and reviews organisational performance which in turn is directly linked to individual employee's performance.

At any given time within government, information from multiple years is being considered; plans and budgets for next year; implementation for the current year; and reporting on last year's performance. Although performance information is reported publicly during the last stage, the performance information process begins when policies are being developed, and continues through each of the planning, budgeting, implementation and reporting stages. The planning, budgeting and reporting cycle can be graphically illustrated as follows:



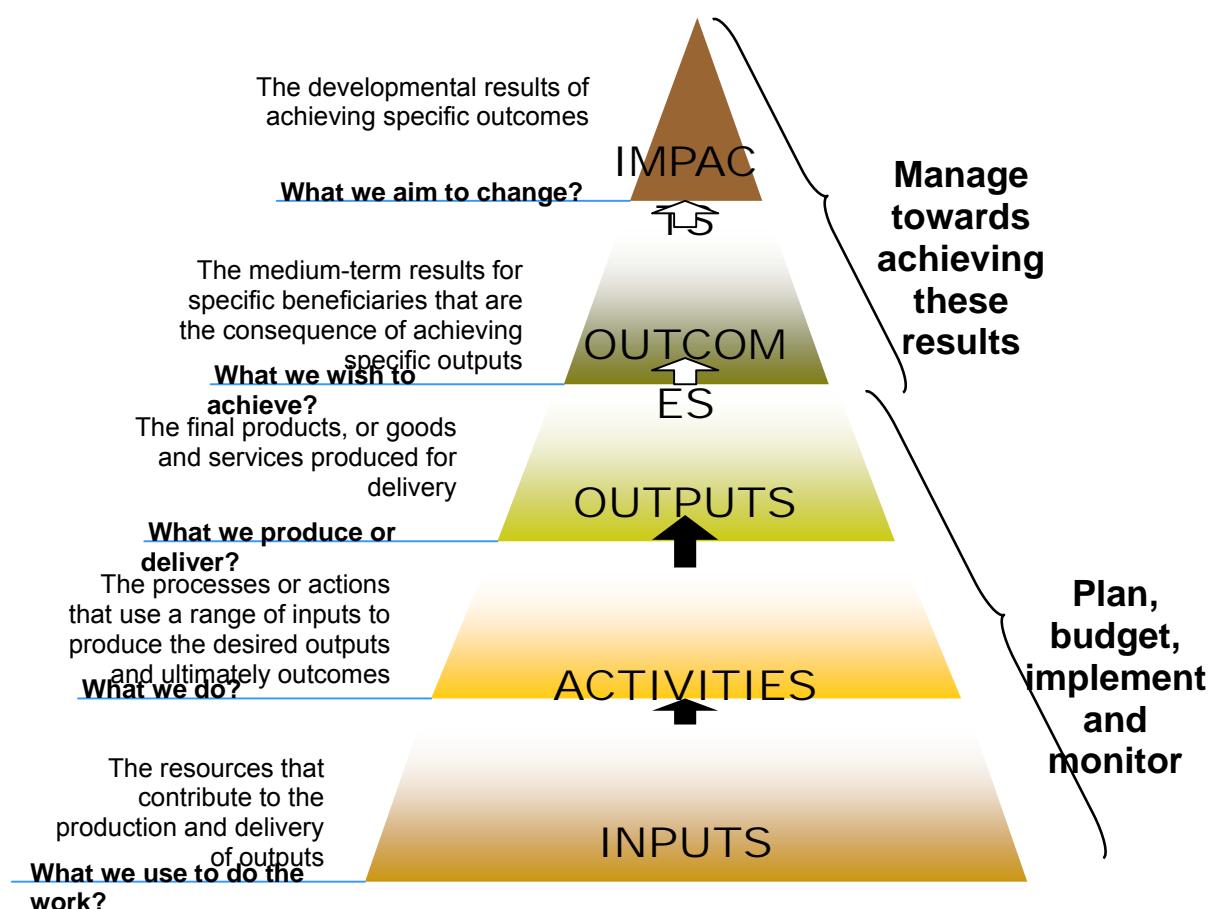
**Figure 3 Planning, budgeting and reporting cycle**

The performance of the Municipality relates directly to the extent to which it has achieved success in realising its goals and objectives, complied with legislative requirements and meeting

stakeholder expectations. The Municipality therefore has adopted one integrated performance management system which encompasses:

- Planning (setting goals, objectives, targets and benchmarks);
- Monitoring (regular monitoring and checking on the progress against plan);
- Measurement (indicators of success);
- Review (identifying areas requiring change and improvement);
- Reporting (what information, to whom, from whom, how often and for what purpose); and
- Improvement (making changes where necessary).

The performance information concepts used by the Municipality in its integrated performance management system are aligned to the ***Framework of Managing Programme Performance Information*** issued by the National Treasury:



**Figure 4 Definition of performance information concepts**

The following table provides the main measurable performance objectives the municipality undertakes to achieve this financial year.

**Table 26 MBRR Table SA7 - Measurable performance objectives**

The following table sets out the municipalities main performance objectives and benchmarks for the 2017/18 MTREF.

**Table 27 MBRR Table SA8 - Performance indicators and benchmarks**

MP325 Bushbuckridge - Supporting Table SA8 Performance indicators and benchmarks		2013/14	2014/15	2015/16	Current Year 2016/17				2017/18	Medium Term	Revenue &
Description of financial indicator	Basis of calculation	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
<b>Borrowing Management</b>											
Credit Rating											
Capital Charges to Operating Expenditure	Interest & Principal Paid /Operating Expenditure	1,2%	0,1%	0,3%	0,1%	0,1%	0,1%	0,0%	0,0%	0,0%	0,0%
Capital Charges to Own Revenue	Finance charges & Repayment of borrowing /Own Revenue	4,5%	0,3%	0,8%	0,2%	0,2%	0,2%	0,0%	0,1%	0,1%	0,1%
Borrowed funding of 'own' capital expenditure	Borrowing/Capital expenditure excl. transfers and grants and contributions	0,0%	0,0%	0,0%	0,0%	-6,3%	-6,3%	0,0%	0,0%	0,0%	0,0%
<b>Safety of Capital</b>											
Gearing	Long Term Borrowing/ Funds & Reserves	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%
<b>Liquidity</b>											
Current Ratio	Current assets/current liabilities	0,9	1,5	1,2	3,3	2,9	2,9	-	3,5	3,7	3,6
Current Ratio adjusted for aged debtors	Current assets less debtors > 90 days/current liabilities	0,9	1,5	1,2	3,3	2,9	2,9	-	3,5	3,7	3,6
Liquidity Ratio	Monetary Assets/Current Liabilities	0,2	0,4	0,2	0,5	0,2	0,2	-	0,2	0,2	0,2
<b>Revenue Management</b>											
Annual Debtors Collection Rate (Payment Level %)	Last 12 Mths Receipts/Last 12 Mths Billing		105,2%	29,5%	26,4%	28,3%	27,2%	27,2%	0,0%	22,0%	22,0%
Current Debtors Collection Rate (Cash receipts % of Ratepayer & Other			105,2%	29,5%	26,4%	28,3%	27,2%	27,2%	0,0%	22,0%	22,0%
Outstanding Debtors to Revenue	Total Outstanding Debtors to Annual Revenue	56,9%	88,5%	64,4%	108,3%	124,0%	124,0%	0,0%	135,5%	138,1%	135,7%
Longstanding Debtors Recovered	Debtors > 12 Mths Recovered/Total Debtors > 12 Months Old										
<b>Creditors Management</b>											
Creditors System Efficiency	% of Creditors Paid Within Terms (within MFMA's 65(e))										
Creditors to Cash and Investments		418,9%	164,0%	-6872,0%	383,8%	268,8%	268,8%	0,0%	391,3%	116,0%	59,8%
<b>Other Indicators</b>											
Electricity Distribution Losses (2)	Total Volume Losses (kW)										
	Total Cost of Losses (Rand '000)										
	% Volume (units purchased and generated less units sold)/units purchased and generated										
Water Distribution Losses (2)	Total Volume Losses (kℓ)										
	Total Cost of Losses (Rand '000)										
	% Volume (units purchased and generated less units sold)/units purchased and generated										
Employee costs	Employee costs/(Total Revenue - capital revenue)	32,9%	36,2%	32,9%	35,5%	36,5%	36,5%	0,0%	36,0%	37,9%	38,5%
Remuneration	Total remuneration/(Total Revenue - capital revenue)	36,1%	39,3%	35,4%	38,8%	39,7%	39,7%		39,1%	41,1%	41,7%
Repairs & Maintenance	R&M/(Total Revenue excluding capital revenue)	8,4%	3,6%	3,6%	4,7%	4,2%	4,2%		2,4%	2,4%	2,4%
Finance charges & Depreciation	FC&D/(Total Revenue - capital revenue)	11,2%	9,9%	8,0%	4,8%	7,3%	7,3%	0,0%	6,8%	7,0%	6,9%
<b>IDP regulation financial viability indicators</b>											
i. Debt coverage	(Total Operating Revenue - Operating Grants)/Debt service payments due within financial year)	19,0	16,1	8,8	7,9	7,9	7,9	-	17,4	15,5	16,7
ii. O/S Service Debtors to Revenue	Total outstanding service debtors/annual revenue received for services	437,0%	354,8%	319,5%	452,5%	508,4%	508,4%	0,0%	555,0%	543,7%	529,9%
iii. Cost coverage	(Available cash + investments)/monthly fixed operational expenditure	3,1	5,5	(0,1)	1,3	1,7	1,7	-	1,0	3,4	6,6

### 2.3.1 Performance indicators and benchmarks

#### 2.3.1.1 Capital budget

Capital expenditure in local government can be funded by capital grants, own-source revenue and long term borrowing. The ability of a municipality to raise long term borrowing is largely dependent on its creditworthiness and financial position. As with all other municipalities, Bushbuckridge Local Municipality's does not have a borrowing strategy, due to the low revenue collections. The following financial performance indicators have formed part of the compilation of the 2017/18 MTREF:

In summary, various financial risks could have a negative impact on the future revenue projections of the municipality. In particular, the continued ability of the Municipality to meet its revenue targets and ensure its forecasted cash flow targets are achieved will be critical in meeting the repayments of the debt service costs. As part of the compilation of the 2017/18 MTREF the potential of smoothing out the debt profile over the longer term will be investigated.

**89 percent (R509 million) of the capital budget will be funded through government grants and 11 percent (61 million) will be funded through own revenue and Equitable Share.**

#### 2.3.1.2 Liquidity

- *Current ratio* is a measure of the current assets divided by the current liabilities and as a benchmark the Municipality has set a limit of 1, hence at no point in time should this ratio be less than 1. For the 2015/16 MTREF the current ratio is 0.3 in the 2017/18 financial year and 0.1 and 0.2 for the two outer years of the MTREF. Going forward it will be necessary to maintain these levels.
- *The liquidity ratio* is a measure of the ability of the municipality to utilize cash and cash equivalents to extinguish or retire its current liabilities immediately. Ideally the municipality should have the equivalent cash and cash equivalents on hand to meet at least the current liabilities, which should translate into a liquidity ratio of 1. Anything below 1 indicates a shortage in cash to meet creditor obligations. For the 2016/17 financial year the ratio was 0.0 and as part of the financial planning strategy it will remain the same as 0.0 in the MTREF. **This needs to be considered a pertinent risk for the municipality as any under collection of revenue will translate into serious financial challenges for the Municipality. As part of the longer term financial planning objectives this ratio will have to be set at a minimum of 1.**

#### 2.3.1.3 Revenue Management

- As part of the financial sustainability strategy, an aggressive revenue management framework will be implemented to increase cash inflow, not only from current billings but also from debtors that are in arrears in excess of 90 days. The intention of the strategy is to streamline the revenue value chain by ensuring accurate billing, customer service, credit control and debt collection.

#### 2.3.1.4 Creditors Management

- The Municipality has managed to ensure that creditors are settled within the legislated 30 days of invoice. While the liquidity ratio is of concern, by applying daily cash flow management the municipality has managed to ensure a 80 per cent compliance rate to this legislative obligation. This has had a favourable impact on suppliers' perceptions of risk of doing business with the Municipality, which is expected to benefit the Municipality in the form of more competitive pricing of tenders, as suppliers compete for the Municipality's business.

#### 2.3.1.5 Other Indicators

- The water distribution losses will have to be monitored by the municipality and Bushbuckridge water board. This will be achieved with the introduction of a water leakage report and action centre. The intention is to further rollout additional depots within the Municipality to further leverage from the efficiency that the centre offers. It is planned to further reduce distribution losses by 2017/18.
- Employee costs as a percentage of operating revenue continues to increase over the MTREF. This is primarily owing to the high increase in revenue levels, as well as increased allocation relating to operating grants and transfers.
- Similar to that of employee costs, repairs and maintenance as percentage of operating revenue is also decreasing owing directly to cost drivers such as bulk purchases increasing far above inflation. In real terms, repairs and maintenance has increased as part of the Municipality's strategy to ensure the management of its asset base.

### 2.3.2 Free Basic Services: basic social services package for indigent households

The social package assists residents that have difficulty paying for services and are registered as indigent households in terms of the Indigent Policy of the Municipality. With the exception of water, only registered indigents qualify for the free basic services.

For the 2015/16 financial year indigents households have been provided for in the budget. In terms of the Municipality's indigent policy registered households are entitled to 6kl fee water, free basic electricity, 6 kl sanitation and free waste removal equivalent to 85l once a week, as well as a discount on their property rates.

Further detail relating to the number of households receiving free basic services, the cost of free basic services, highest level of free basic services as well as the revenue cost associated with the free basic services is contained in Table 27 MBRR A10 (Basic Service Delivery Measurement)

Note that the number of households in informal areas that receive free services and the cost of these services (e.g. the provision of water through stand pipes, water tankers, etc) are not taken into account in the table noted above.

### **2.3.3 Providing clean water and managing waste water**

The Municipality is the Water Services Authority for the entire municipality in terms of the Water Services Act, 1997 and acts as water services provider. Approximately 69 per cent of the Municipality's bulk water needs are provided directly by Rand Water Board in the form of purified water. The remaining 31 per cent is generated from the Municipality's own water sources, such as boreholes and small dams.

The Department of Water Affairs conducts an annual performance rating of water treatment works, presenting a Blue Drop or Green Drop award respectively to potable water treatment works and waste water treatment works that meet certain criteria of excellence.

The following is briefly the main challenges facing the Municipality in this regard:

- The infrastructure at most of the waste water treatment works is old and insufficient to treat the increased volumes of waste water to the necessary compliance standard;
- Shortage of skilled personnel makes proper operations and maintenance difficult;
- Electrical power supply to some of the plants is often interrupted which hampers the purification processes; and
- There is a lack of proper regional catchment management, resulting in storm water entering the sewerage system.

The following are some of the steps that have been taken to address these challenges:

- Infrastructure shortcomings are being addressed through the capital budget in terms of a 5-year upgrade plan;
- The filling of vacancies has commenced and the Waste Water Division will embark on an in-house training programme, especially for operational personnel;
- The Division is working in consultation with the Department of Water Affairs to address catchment management.

## **2.4 Overview of budget related-policies**

The Municipality's budgeting process is guided and governed by relevant legislation, frameworks, strategies and related policies.

### **2.4.1 Review of credit control and debt collection procedures/policies**

The Collection Policy as approved by Council is currently under review. While the adopted policy is credible, sustainable, manageable and informed by affordability and value for money there has been a need to review certain components to achieve a higher collection rate. Some of the possible revisions will include the lowering of the credit periods for the down payment of debt. In addition emphasis will be placed on speeding up the indigent registration process to ensure that credit control and debt collection efforts are not fruitlessly wasted on these debtors.

As most of the indigents within the municipal area are unable to pay for municipal services because they are unemployed, the Integrated Indigent Exit Programme aims to link the registered indigent households to development, skills and job opportunities. The programme

also seeks to ensure that all departments as well as external role players are actively involved in the reduction of the number of registered indigent households.

The 2017/18 MTREF has been prepared on the basis of achieving an average debtors' collection rate of at-least 35 per cent on current billings. In addition the collection of debt in excess of 90 days has been prioritised as a pertinent strategy in increasing the Municipality's cash levels. In addition, the potential of a payment incentive scheme is being investigated and if found to be viable will be incorporated into the policy.

#### **2.4.2 Asset Management Policy**

A proxy for asset consumption can be considered the level of depreciation each asset incurs on an annual basis. Preserving the investment in existing infrastructure needs to be considered a significant strategy in ensuring the future sustainability of infrastructure and the Municipality's revenue base. Within the framework, the need for asset renewal was considered a priority and hence the capital programme was determined based on renewal of current assets versus new asset construction.

Further, continued improvements in technology generally allows many assets to be renewed at a lesser 'real' cost than the original construction cost. Therefore, it is considered prudent to allow for a slightly lesser continual level of annual renewal than the average annual depreciation. The Asset Management Policy is therefore considered a strategic guide in ensuring a sustainable approach to asset renewal, repairs and maintenance and is utilised as a guide to the selection and prioritisation of individual capital projects. In addition the policy prescribes the accounting and administrative policies and procedures relating to property, plant and equipment (fixed assets).

#### **2.4.3 Budget Adjustment**

The adjustments budget process is governed by various provisions in the MFMA and is aimed at instilling and establishing an increased level of discipline, responsibility and accountability in the financial management practices of municipalities. To ensure that the Municipality continues to deliver on its core mandate and achieves its developmental goals, the mid-year review and adjustment budget process will be utilised to ensure that underperforming functions are identified and funds redirected to performing functions.

#### **2.4.4 Supply Chain Management Policy**

The Supply Chain Management Policy was adopted by Council in March 2016. An amended policy will be considered by Council in due course of which the amendments will be extensively consulted on.

#### **2.4.5 Budget Policy**

The Budget Policy aims to empower senior managers with an efficient financial and budgetary amendment and control system to ensure optimum service delivery within the legislative framework of the MFMA and the Municipality's system of delegations. The Budget Policy was approved by Council in March 2016 and was amended in respect of both Operating and Capital Budget Fund Transfers.

#### **2.4.6 Cash Management and Investment Policy**

The Municipality's Cash Management and Investment Policy was amended by Council in March 2016. The aim of the policy is to ensure that the Municipality's surplus cash and investments are adequately managed, especially the funds set aside for the cash backing of certain reserves. The policy details the minimum cash and cash equivalents required at any point in time and introduces time frames to achieve certain benchmarks.

#### **2.4.7 Tariff Policies**

The Municipality's tariff policies provide a broad framework within which the Council can determine fair, transparent and affordable charges that also promote sustainable service delivery. The policies have been approved on various dates and a consolidated tariff policy is envisaged to be compiled for ease of administration and implementation of the next two years.

#### **2.4.8 Financial Modelling and Scenario Planning Policy**

The Financial Modelling and Scenario Planning Policy has directly informed the compilation of the 2017/18 MTREF with the emphasis on affordability and long-term sustainability. The policy dictates the approach to longer term financial modelling. The outcomes are then filtered into the budget process. The model and scenario planning outcomes are taken to Council every November and then translate into recommendations for the budget guidelines that inform the compilation of the next MTREF. One of the salient features of the policy is the emphasis on financial sustainability. Amongst others, the following has been modelled as part of the financial modelling and scenario planning process:

- Approved 2016/17 Adjustments Budget;
- Cash Flow Management Interventions, Initiatives and Strategies (including the cash backing of reserves);
- Economic climate and trends (i.e Inflation, household debt levels, indigent factors, growth, recessionary implications);
- Investment possibilities;
- Performance trends;
- Tariff Increases;
- The ability of the community to pay for services (affordability);
- Policy priorities;
- Improved and sustainable service delivery; and
- Debtor payment levels.

The following budget related policies are available:

- Property Rates Policy;
- Funding and Reserves Policy;
- Budget Policy; and
- Basic Social Services Package (Indigent Policy).

## 2.5 Overview of budget assumptions

### 2.5.1 External factors

Owing to the economic slowdown, financial resources are limited due to reduced payment levels by consumers. This has resulted in declining cash inflows, which has necessitated restrained expenditure to ensure that cash outflows remain within the affordability parameters of the Municipality's finances.

### 2.5.2 General inflation outlook and its impact on the municipal activities

There are five key factors that have been taken into consideration in the compilation of the 2017/18 MTREF:

- National Government macro economic targets;
- The general inflationary outlook and the impact on Municipality's residents and businesses;
- The impact of municipal cost drivers;
- The increase in prices for bulk water; and
- The increase in the cost of remuneration. Employee related costs comprise 6.7 per cent of total operating expenditure in the 2017/18 MTREF and therefore this increase above inflation places a disproportionate upward pressure on the expenditure budget. The wage agreement SALGBC concluded with the municipal workers unions on 31 July 2014 as well as the categorisation and job evaluation wage curves collective agreement must be noted.

### 2.5.3 Credit rating outlook

**Table 28 Credit rating outlook**

The rating definitions are:

- Short term : Prime – 1  
Short-Term Debt Ratings (maturities of less than one year)  
Prime-1 (highest quality)
- Long-term : Aa3  
Defined as high-grade. “Aa” rated are judged to be of high quality and are subject to very low credit risk.

#### **2.5.4 Collection rate for revenue services**

The base assumption is that tariff and rating increases will increase at a rate slightly higher than CPI over the long term. It is also assumed that current economic conditions, and relatively controlled inflationary conditions, will continue for the forecasted term.

The rate of revenue collection is currently expressed as a percentage (22 per cent) of annual billings. Cash flow is assumed to be 30 per cent of billings, plus an increased collection of arrear debt from the revised collection and credit control policy. The non-performance of revenue collections will however impact negatively on municipal cash flow. The municipality is currently not doing good in terms of revenue collections.

#### **2.5.5 Growth or decline in tax base of the municipality**

Debtors revenue is assumed to increase at a rate that is influenced by the consumer debtors collection rate, tariff/rate pricing, real growth rate of the Municipality, household formation growth rate and the poor household change rate.

Household formation is the key factor in measuring municipal revenue and expenditure growth, as servicing 'households' is a greater municipal service factor than servicing individuals. Household formation rates are assumed to convert to household dwellings. In addition the change in the number of poor households influences the net revenue benefit derived from household formation growth, as it assumes that the same costs incurred for servicing the household exist, but that no consumer revenue is derived as the 'poor household' limits consumption to the level of free basic services.

#### **2.5.6 Salary increases**

The collective agreement regarding salaries/wages came into operation on 1 July 2012 and shall remain in force until 30 June 2015. Year three is an across the board increase of 7 per cent.

#### **2.5.7 Impact of national, provincial and local policies**

Integration of service delivery between national, provincial and local government is critical to ensure focussed service delivery and in this regard various measures were implemented to align IDPs, provincial and national strategies around priority spatial interventions. In this regard, the following national priorities form the basis of all integration initiatives:

- Creating jobs;
- Enhancing education and skill development;
- Improving Health services;
- Rural development and agriculture; and
- Fighting crime and corruption.

To achieve these priorities integration mechanisms are in place to ensure integrated planning and execution of various development programs. The focus will be to strengthen the link

between policy priorities and expenditure thereby ensuring the achievement of the national, provincial and local objectives.

### **2.5.8 Ability of the municipality to spend and deliver on the programmes**

It is estimated that a spending rate of at least 95 per cent is achieved on operating expenditure and 90 per cent on the capital programme for the 2017/18 MTREF of which performance has been factored into the cash flow budget.

## **2.6 Overview of budget funding**

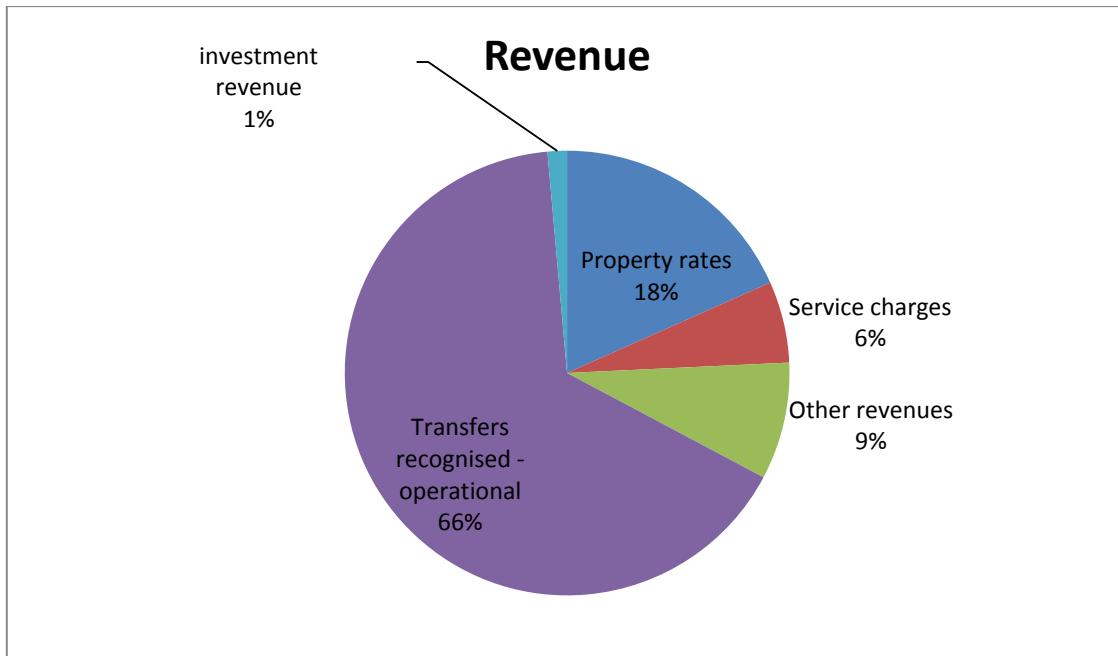
### **2.6.1 Medium-term outlook: operating revenue**

The following table is a breakdown of the operating revenue over the medium-term:

**Table 29 Breakdown of the operating revenue over the medium-term**

MP325 Bushbuckridge - Table A1 Budget Summary				Current Year 2016/17			2017/18 Medium Term Revenue & Forecast		
Description	2013/14	2014/15	2015/16	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
R thousands	Audited Outcome	Audited Outcome	Audited Outcome						
<u>Financial Performance</u>									
Property rates	55 801	160 250	168 493	180 000	180 000	180 000	194 789	206 477	218 665
Service charges	32 949	32 743	31 209	47 297	56 217	56 217	62 667	65 387	70 155
Investment revenue	7 325	9 570	13 804	11 893	13 893	13 893	15 010	14 500	15 000
Transfers recognised - operational	501 680	554 770	658 688	654 266	654 266	654 266	696 593	723 485	755 040
Other own revenue	86 191	20 245	121 457	60 136	68 886	68 886	90 287	65 857	74 470
Total Revenue (excluding capital transfers and contributions)	683 946	777 578	993 651	953 592	973 262	973 262	1 059 346	1 075 706	1 133 330

The following graph is a breakdown of the operational revenue per main category for the 2017/18 financial year.



**Figure 5 Breakdown of operating revenue over the 2016/17 MTREF**

Tariff setting plays a major role in ensuring desired levels of revenue. Getting tariffs right assists in the compilation of a credible and funded budget. The Municipality derives most of its operational revenue from the provision of goods and services such as water, sanitation and solid waste removal. Property rates, operating and capital grants from organs of state and other minor charges (such as building plan fees, licenses and permits etc).

The revenue strategy is a function of key components such as:

- Growth in the Municipality and economic development;
- Revenue management and enhancement;
- Achievement of a 30 per cent annual collection rate for consumer revenue;
- National Treasury guidelines;
- Achievement of full cost recovery of specific user charges;
- Determining tariff escalation rate by establishing/calculating revenue requirements;
- The Property Rates Policy in terms of the Municipal Property Rates Act, 2004 (Act 6 of 2004) (MPRA), and
- And the ability to extend new services and obtain cost recovery levels.

The above principles guide the annual increase in the tariffs charged to the consumers and the ratepayers aligned to the economic forecasts.

The proposed tariff increases for the 2015/16 MTREF on the different revenue categories are:

**Table 30 Proposed tariff increases over the medium-term**

Revenue Category	2013/14 Tariff Increases	2014/15 Tariff Increases	2015/16 current Tariff Increases	2016/17 Proposed Tariff Increases	2017/18 Proposed Tariff Increases	Total Budgeted Revenue (R 000)	2017/18 Revenue to be collected based on 30% projection collection rate
Property Rates	0%	9%	6,70%	6,00%	6,00%	194 789 000	58 436 700
Water	0%	12%	6,70%	6,00%	6,00%	51 104 000	15 331 200
Sanitation	0%	6%	6,70%	6,00%	6,00%	4 114 000	1 234 200
Refuse	0%	65	6,70%	6,00%	6,00%	7 450 000	2 235 000
<b>TOTAL</b>						<b>257 457 000</b>	<b>77 237 100</b>

Revenue to be generated / billed from property rates is estimated at billing of R194.8 million in the 2017/18 financial year and with an estimates of actual collections of R 58.4 million, based on 30 percent collection rate, and It remains relatively constant over the medium-term. With the implementation of the Municipal Property Rates Act the basis of rating significantly changed.

The Municipality is still in a process of further data verification and validation relating to the valuation roll. In addition there are still outstanding objections, although significant progress was made in dealing with these objections in the 2016/17 financial year. It is anticipated that the process will be on continuous basis. As the levying of property rates is considered a strategic revenue source a further supplementary valuation process have been undertaken in the 1<sup>st</sup> and 3<sup>rd</sup> quarter of the 2017/18 financial year. The outcome of this initiative will be closely monitored and reported on a regular basis as part of the quarterly performance reporting.

Services charges relating to water billing amounted to R 51.1 million and actual collection projected to R 15.3 million. Comparing with what the Rand Water Board is billing the municipality on monthly basis. The difference is very huge and is clear that the municipality is working at a loss on these services.

Sanitation and refuse removal constitutes the lowest component of the revenue basket of the Municipality totalling R11.6 million for the 2017/18 with an estimated actual collection of R 3.4 Million in the new financial year.

Operational grants and subsidies represents a significant amount in the revenue budget for the municipality. Almost 75 percent of the allocation is from government grants, and the projected

collection is only 30 percent of operating revenue. It needs to be noted that in real terms the grants receipts from national government are growing rapidly over the MTREF by for the two outer years. The percentage of the total operational grants and transfers in relation to the total operating revenue is distorted owing to the high decreases in revenue relating to services charges.

Investment revenue (interest received) contributes marginally to the revenue base of the Municipality for the respective three financial years of the 2017/18 MTREF. It needs to be noted that these allocations have been conservatively estimated and as part of the cash backing of reserves and provisions. The actual performance against budget will be carefully monitored. Any variances in this regard will be addressed as part of the mid-year review and adjustments budget.

## **2.6.2 Medium-term outlook: capital revenue**

Capital projects per Directorate and Sector

MP325 Bushbuckridge - Table A5 Budgeted Capital Expenditure by vote, functional classification and funding											
Vote Description		Ref	2013/14	2014/15	2015/16	Current Year 2016/17			2017/18 Medium Term Revenue & Forecast		
R thousand	1	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20	
<b>Capital expenditure - Vote</b>											
<b>Multi-year expenditure to be appropriate</b>	2										
Vote 1 - Dept 001 - Budget & Treasury Office		-	-	-	-	-	-	1 452	-	-	
Vote 2 - Dept 002 - Corporate Services		5 827	3 643	8 619	25 250	16 650	16 650	1 620	451	693	
Vote 3 - Dept 005 - Economic Development, Planning and Environment		4 526	4 756	4 814	24 450	20 550	20 550	37 603	20 000	41 000	
Vote 4 - Dept 006 - Community Support Services		10 286	8 138	1 814	2 550	1 920	1 920	1 000	2 500	-	
Vote 5 - Dept 008 - Office of the Municipal Manager		-	-	-	-	-	-	65	68	70	
Vote 6 - Dept 009 - Office of the Speaker		-	-	-	-	-	-	96	-	-	
Vote 7 - Dept 010 - Office of the Mayor		-	-	-	-	-	-	-	-	-	
Vote 8 - Dept 013 - Community Support Services		-	-	-	-	-	-	2 280	2 300	2 200	
Vote 9 - Dept 014 - Municipal Works - Public Works		7 540	2 585	4 637	5 000	5 000	5 000	800	-	-	
Vote 10 - Dept 015 - Municipal Works - Water		187 681	152 835	500 070	461 936	438 070	438 070	437 000	170 500	138 500	
Vote 11 - Dept 016 - Municipal Works - Roads		145 094	110 856	105 215	77 350	90 895	90 895	32 880	9 275	-	
Vote 12 - Dept 017 - EDPE - Refuse		-	2 057	-	4 500	3 300	3 300	1 800	3 800	4 500	
Vote 13 - Dept 018 - Municipal Works - Sewerage		33 302	18 267	13 549	60 200	27 200	27 200	22 200	40 000	-	
Vote 14 - Dept 020 - Municipal Works - PMU		11 643	7 192	11 679	69 103	27 260	27 260	31 400	-	-	
0		-	-	-	-	-	-	-	-	-	
<b>Capital multi-year expenditure sub-total</b>	7	405 900	310 329	650 398	730 339	630 845	630 845	570 196	248 894	186 963	
<b>Capital Expenditure - Functional</b>											
<i>Governance and administration</i>		-	-	-	-	-	-	1 548	-	-	
Executive and council		-	-	-	-	-	-	96	-	-	
Finance and administration		-	-	-	-	-	-	1 452	-	-	
Internal audit		-	-	-	-	-	-	-	-	-	
<i>Community and public safety</i>		1 675	4 706	1 251	47 105	11 005	11 005	21 400	-	-	
Community and social services		-	-	-	-	-	-	-	-	-	
Sport and recreation		1 675	4 706	1 251	37 405	3 205	3 205	13 900	-	-	
Public safety		-	-	-	-	-	-	-	-	-	
Housing		-	-	-	9 700	7 800	7 800	7 500	-	-	
Health		-	-	-	-	-	-	-	-	-	
<i>Economic and environmental services</i>		149 620	115 612	110 030	101 800	111 445	111 445	70 483	29 275	41 000	
Planning and development		4 526	4 756	4 814	24 450	20 550	20 550	37 603	20 000	41 000	
Road transport		145 094	110 856	105 215	77 350	90 895	90 895	32 880	9 275	-	
Environmental protection		-	-	-	-	-	-	-	-	-	
<i>Trading services</i>		237 996	176 472	526 871	550 834	484 443	484 443	471 800	214 300	143 000	
Energy sources		17 013	3 313	13 251	24 198	15 873	15 873	10 800	-	-	
Water management		187 681	152 835	500 070	461 936	438 070	438 070	437 000	170 500	138 500	
Waste water management		33 302	18 267	13 549	60 200	27 200	27 200	22 200	40 000	-	
Waste management		-	2 057	-	4 500	3 300	3 300	1 800	3 800	4 500	
<i>Other</i>		16 609	13 539	12 247	30 600	23 952	23 952	4 965	-	-	
<b>Total Capital Expenditure - Functional</b>	3	405 900	310 329	650 398	730 339	630 845	630 845	570 196	243 575	184 000	

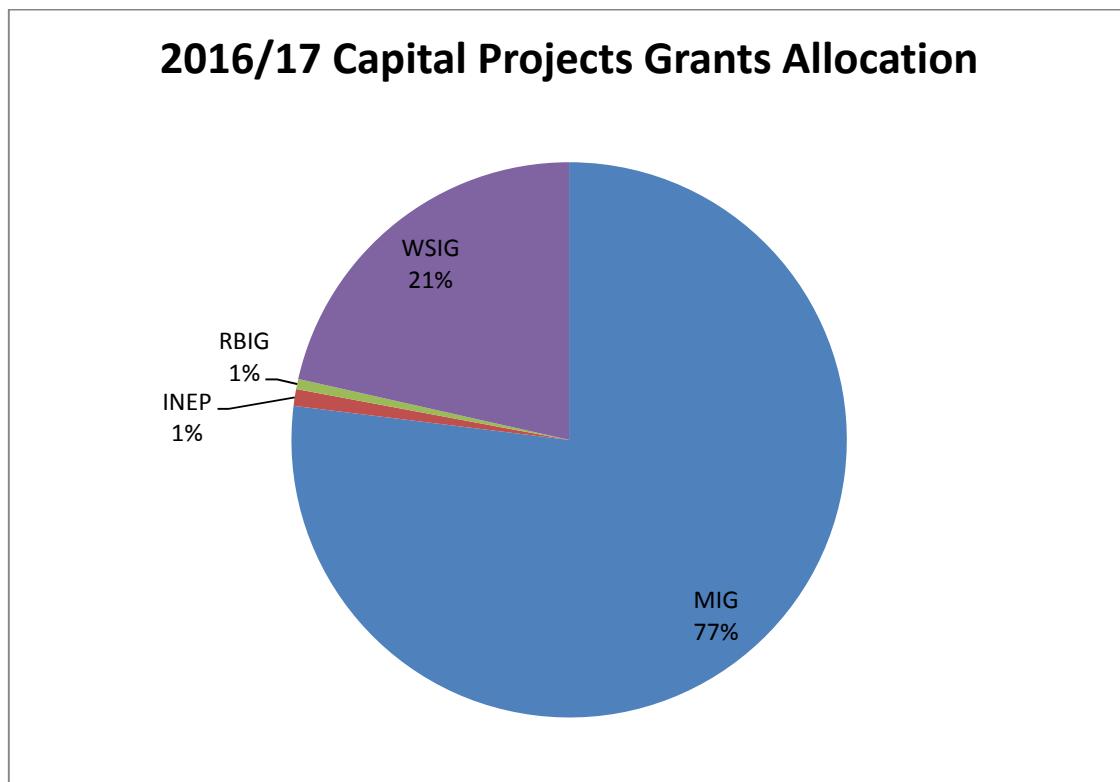
The following table is a breakdown of the funding composition of the 2017/18 medium-term capital programme:

MP325 Bushbuckridge - Table A5 Budgeted Capital Expenditure by vote, functional classification and funding											
Vote Description		Ref	2013/14	2014/15	2015/16	Current Year 2016/17			2017/18 Medium Term Revenue & Forecast		
R thousand	1	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20	
Capital expenditure - Vote											
Multi-year expenditure <i>to be appropriate</i>	2										
Vote 1 - Dept 001 - Budget & Treasury Office		-	-	-	-	-	-	1 452	-	-	
Vote 2 - Dept 002 - Corporate Services		5 827	3 643	8 619	25 250	16 650	16 650	1 620	451	693	
Vote 3 - Dept 005 - Economic Development, Planning and Environment		4 526	4 756	4 814	24 450	20 550	20 550	37 603	20 000	41 000	
Vote 4 - Dept 006 - Community Support Services		10 286	8 138	1 814	2 550	1 920	1 920	1 000	2 500	-	
Vote 5 - Dept 008 - Office of the Municipal Manager		-	-	-	-	-	-	65	68	70	
Vote 6 - Dept 009 - Office of the Speaker		-	-	-	-	-	-	96	-	-	
Vote 7 - Dept 010 - Office of the Mayor or Executive Mayor		-	-	-	-	-	-	-	-	-	
Vote 8 - Dept 013 - Community Support Services		-	-	-	-	-	-	2 280	2 300	2 200	
Vote 9 - Dept 014 - Municipal Works - Public Works		7 540	2 585	4 637	5 000	5 000	5 000	800	-	-	
Vote 10 - Dept 015 - Municipal Works - Water		187 681	152 835	500 070	461 936	438 070	438 070	437 000	170 500	138 500	
Vote 11 - Dept 016 - Municipal Works - Roads		145 094	110 856	105 215	77 350	90 895	90 895	32 880	9 275	-	
Vote 12 - Dept 017 - EDPE - Refuse		-	2 057	-	4 500	3 300	3 300	1 800	3 800	4 500	
Vote 13 - Dept 018 - Municipal Works - Sewerage		33 302	18 267	13 549	60 200	27 200	27 200	22 200	40 000	-	
Vote 14 - Dept 020 - Municipal Works - PMU		11 643	7 192	11 679	69 103	27 260	27 260	31 400	-	-	
0		-	-	-	-	-	-	-	-	-	
Capital multi-year expenditure sub-total	7	405 900	310 329	650 398	730 339	630 845	630 845	570 196	248 894	186 963	
Capital Expenditure - Functional											
<i>Governance and administration</i>		-	-	-	-	-	-	1 548	-	-	
Executive and council		-	-	-	-	-	-	96	-	-	
Finance and administration		-	-	-	-	-	-	1 452	-	-	
Internal audit		-	-	-	-	-	-	-	-	-	
<i>Community and public safety</i>		1 675	4 706	1 251	47 105	11 005	11 005	21 400	-	-	
Community and social services		-	-	-	-	-	-	-	-	-	
Sport and recreation		1 675	4 706	1 251	37 405	3 205	3 205	13 900	-	-	
Public safety		-	-	-	-	-	-	-	-	-	
Housing		-	-	-	9 700	7 800	7 800	7 500	-	-	
Health		-	-	-	-	-	-	-	-	-	
<i>Economic and environmental services</i>		149 620	115 612	110 030	101 800	111 445	111 445	70 483	29 275	41 000	
Planning and development		4 526	4 756	4 814	24 450	20 550	20 550	37 603	20 000	41 000	
Road transport		145 094	110 856	105 215	77 350	90 895	90 895	32 880	9 275	-	
Environmental protection		-	-	-	-	-	-	-	-	-	
<i>Trading services</i>		237 996	176 472	526 871	550 834	484 443	484 443	471 800	214 300	143 000	
Energy sources		17 013	3 313	13 251	24 198	15 873	15 873	10 800	-	-	
Water management		187 681	152 835	500 070	461 936	438 070	438 070	437 000	170 500	138 500	
Waste water management		33 302	18 267	13 549	60 200	27 200	27 200	22 200	40 000	-	
Waste management		-	2 057	-	4 500	3 300	3 300	1 800	3 800	4 500	
<i>Other</i>		16 609	13 539	12 247	30 600	23 952	23 952	4 965	-	-	
Total Capital Expenditure - Functional	3	405 900	310 329	650 398	730 339	630 845	630 845	570 196	243 575	184 000	

**Table 31 Sources of capital revenue over the MTREF**

MP325 Bushbuckridge - Table A5 Budgeted Capital Expenditure by vote, functional classification and funding										
Vote Description	Ref	2013/14	2014/15	2015/16	Current Year 2016/17			2017/18 Medium Term Revenue &		
R thousand	1	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
<u>Capital expenditure - Vote</u>										
<u>Funded by:</u>										
National Government		399 699	300 868	644 333	658 784	599 290	599 290	509 645	223 575	143 000
Provincial Government										
District Municipality										
Other transfers and grants		6 201	9 461	6 065	71 555	31 555	31 555	60 551	20 000	41 000
Transfers recognised - capital	4	405 900	310 329	650 398	730 339	630 845	630 845	570 196	243 575	184 000

The above table is graphically represented as follows for the 2017/18 financial year.



**Figure 6 Sources of capital revenue for the 2017/18 financial year**

Capital grants and receipts equates to 89 per cent of the total funding source which represents R509 million for the 2017/18 financial year. Borrowing still remains a non-significant funding source for the capital programme over the medium-term with an estimated zero amount to be raised for each of the respective financial years of the MTREF. As explained earlier, the municipality does not have a borrowing strategy to finance its capital activities due to the current low revenue collection.

The Municipality does not have any borrowing liability, but only overdraft valued R 40 million to fund operational expenses while still waiting for transfers for equitable shares..

**Table 32 MBRR Table SA 18 - Capital transfers and grant receipts**

MP325 Bushbuckridge - Supporting Table SA18 Transfers and grant receipts			2013/14	2014/15	2015/16	Current Year 2016/17			2017/18 Medium Term Revenue &		
Description	Ref	R thousand	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
RECEIPTS:	1, 2										
Capital Transfers and Grants											
National Government:		448 644	275 864	426 158	519 773	438 773	438 773	397 080	404 290	428 887	
Municipal Infrastructure Grant (MIG)		422 793	271 324	366 158	358 773	358 773	358 773	394 080	404 290	428 887	
Regional Bulk Infrastructure		-	-	-	140 000	40 000	40 000	3 000	-	-	
Minicipal Water Infrastructure Grant		25 851	4 541	60 000	21 000	40 000	40 000	-	-	-	
Provincial Government:		-	61 899	-	-	44 000	44 000	-	-	-	
Human Settlements (ACIP)		-	61 899	-	-	44 000	44 000	-	-	-	
District Municipality:		-	-	-	-	-	-	-	-	-	
Operational Grant from Ehlanzeni District											
Other grant providers:		-	-	-	130 000	130 000	130 000	110 000	55 000	64 000	
[insert description]											
Water Service Infrastructure Grant		-	-	-	130 000	130 000	130 000	110 000	55 000	64 000	
Total Capital Transfers and Grants	5	448 644	337 764	426 158	649 773	612 773	612 773	507 080	459 290	492 887	

### 2.6.3 Cash Flow Management

Cash flow management and forecasting is a critical step in determining if the budget is funded over the medium-term. The table below is consistent with international standards of good financial management practice and also improves understandability for councillors and management. Some specific features include:

- Clear separation of receipts and payments within each cash flow category;
- Clear separation of capital and operating receipts from government, which also enables cash from 'Ratepayers and other' to be provide for as cash inflow based on actual performance. In other words the *actual collection rate* of billed revenue., and
- Separation of borrowing and loan repayments (no set-off), to assist with MFMA compliance assessment regarding the use of long term borrowing (debt).

**Table 33 MBRR Table A7 - Budget cash flow statement**

MP325 Bushbuckridge - Table A7 Budgeted Cash Flows				Current Year 2016/17			2017/18 Medium Term Revenue &			
Description	Ref	2013/14	2014/15	2015/16	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
<b>R thousand</b>										
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>										
Receipts										
Property rates		93 366	56 892	52 637	54 000	54 000	54 000	42 854	45 425	48 106
Service charges					10 229	10 229	10 229	13 787	14 385	15 434
Other revenue					35 707	35 707	35 707	35 287	36 163	38 379
Government - operating	1	480 849	554 770	658 596	654 266	654 266	654 266	700 132	727 937	769 399
Government - capital	1	319 362	341 256	422 643	655 073	574 073	574 073	507 080	459 290	492 887
Interest		7 325	9 570	13 804	37 893	37 893	37 893	27 110	20 806	22 700
Dividends								-	-	-
Payments										
Suppliers and employees		(413 657)	(505 486)	(913 010)	(739 583)	(697 500)	(697 500)	(796 578)	(852 977)	(908 592)
Finance charges		(8 120)	(178)	(2 771)	(606)	(606)	(606)	(342)	-	-
Transfers and Grants	1	(39 388)			(11 120)	(11 120)	(11 120)	(11 668)	(12 368)	(13 110)
<b>NET CASH FROM/(USED) OPERATI</b>		<b>439 737</b>	<b>456 825</b>	<b>231 899</b>	<b>695 859</b>	<b>656 942</b>	<b>656 942</b>	<b>517 661</b>	<b>438 661</b>	<b>465 204</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>										
Receipts										
Proceeds on disposal of PPE		3 151	714	1 700	525	525	525	750	795	1 200
Decrease (Increase) in non-current debtors								-	-	-
Decrease (increase) other non-current receivables								-	-	-
Decrease (increase) in non-current investments								-	-	-
Payments										
Capital assets		(414 719)	(308 963)	(455 124)	(739 839)	(626 045)	(626 045)	(570 196)	(248 894)	(186 963)
<b>NET CASH FROM/(USED) INVESTIN</b>		<b>(411 568)</b>	<b>(308 249)</b>	<b>(453 424)</b>	<b>(739 314)</b>	<b>(625 520)</b>	<b>(625 520)</b>	<b>(569 446)</b>	<b>(248 099)</b>	<b>(185 763)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>										
Receipts										
Short term loans					(40 000)	(40 000)		-	-	-
Borrowing long term/refinancing								-	-	-
Increase (decrease) in consumer deposits								-	-	-
Payments								-	-	-
Repayment of borrowing								-	-	-
<b>NET CASH FROM/(USED) FINANCI</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(40 000)</b>	<b>(40 000)</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>NET INCREASE/ (DECREASE) IN C</b>		<b>28 169</b>	<b>148 576</b>	<b>(221 525)</b>	<b>(43 455)</b>	<b>(8 578)</b>	<b>(8 578)</b>	<b>(51 785)</b>	<b>190 563</b>	<b>279 440</b>
Cash/cash equivalents at the y	2	114 306	152 577	213 635	125 000	125 000	125 000	125 763	73 978	264 541
Cash/cash equivalents at the y	2	142 475	301 154	(7 890)	81 545	116 422	116 422	73 978	264 541	543 981

The above table shows that cash and cash equivalents of the Municipality were largely depleted between the 2013/14 financial year indicating a small cash balance that clearly indicates a small amount for all the approved MTREF. The cash flow started to improve from 2013/14 and showing a huge positive balance in the cash flow for the municipality. Various cost efficiencies and savings had to be realised to ensure the Municipality could meet its operational expenditure

commitments. In addition the Municipality is currently undertaking an extensive debt collection process to boost cash levels. These initiatives and interventions will translate into a positive cash position for the Municipality in the future. For the 2017/18 MTREF the budget has been prepared to ensure high levels of cash and cash equivalents over the medium-term with cash levels anticipated to be negative, and that will also be determined by the level of collection by the municipality.

#### **2.6.4 Cash Backed Reserves/Accumulated Surplus Reconciliation**

This following table meets the requirements of MFMA Circular 42 which deals with the funding of a municipal budget in accordance with sections 18 and 19 of the MFMA. The table seeks to answer three key questions regarding the use and availability of cash:

- What are the predicted cash and investments that are available at the end of the budget year?
- How are those funds used?
- What is the net funds available or funding shortfall?

A surplus would indicate the cash-backed accumulated surplus that was/is available. A shortfall (applications > cash and investments) is indicative of non-compliance with section 18 of the MFMA requirement that the municipality's budget must be 'funded'. Non-compliance with section 18 is assumed because a shortfall would indirectly indicate that the annual budget is not appropriately funded (budgeted spending is greater than funds available or to be collected). It is also important to analyse trends to understand the consequences, e.g. the budget year might indicate a small surplus situation, which in itself is an appropriate outcome, but if in prior years there were much larger surpluses then this negative trend may be a concern that requires closer examination.

**Table 34 MBRR Table A8 - Cash backed reserves/accumulated surplus reconciliation**

MP325 Bushbuckridge - Table A8 Cash backed reserves/accumulated surplus reconciliation							
Description R thousand	Ref	Current Year 2016/17			2017/18 Medium Term Revenue &		
		Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
<b>Cash and investments available</b>							
Cash/cash equivalents at the year end	1	81 545	116 422	116 422	73 978	264 541	543 981
Other current investments > 90 days		114 455	(50 422)	(50 422)	(28 978)	(173 591)	(446 664)
Non current assets - Investments	1	-	-	-	-	-	-
<b>Cash and investments available:</b>		<b>196 000</b>	<b>66 000</b>	<b>66 000</b>	<b>45 000</b>	<b>90 950</b>	<b>97 317</b>
<b>Application of cash and investments</b>							
Unspent conditional transfers		25 000	75 000	75 000	112 102	118 828	125 958
Unspent borrowing		-	-	-	-	-	-
Statutory requirements	2						
Other working capital requirements	3	(46 158)	(82 351)	(82 351)	(90 047)	(115 236)	(106 171)
Other provisions							
Long term investments committed	4	-	-	-	-	-	-
Reserves to be backed by cash/investments	5						
<b>Total Application of cash and investments:</b>		<b>(21 158)</b>	<b>(7 351)</b>	<b>(7 351)</b>	<b>22 055</b>	<b>3 592</b>	<b>19 786</b>
<b>Surplus(shortfall)</b>		<b>217 158</b>	<b>73 351</b>	<b>73 351</b>	<b>22 945</b>	<b>87 358</b>	<b>77 530</b>

From the above table it can be seen that the cash and investments available total R116 million in the 2016/17 financial year and progressively decrease to R79 million in 2017/18, and including the projected cash and cash equivalents as determined in the cash flow forecast. The following is a breakdown of the application of this funding:

- Unspent conditional transfers (grants) are automatically assumed to be an obligation as the municipality has received government transfers in advance of meeting the conditions. Ordinarily, unless there are special circumstances, the municipality is obligated to return unspent conditional grant funds to the national revenue fund at the end of the financial year. In the past these have been allowed to 'roll-over' and be spent in the ordinary course of business, but this practice has been discontinued. During the 2016/17 financial year the municipality was required to supply National Treasury with a detailed analysis of the unspent grants as well as an action plan of spending the grants.
- AFS for 2015/16, indicated unspent amount of R64 Million as at the end of June 2015, and the municipality applied for approvals for roll-over that was approved by National Treasury as the funding appropriation relating to the unspent conditional grants could be motivated as part of existing projects.
- No amount was deducted from the 2016/17 equitable share allocation by National Treasury as part of the unspent conditional grants for 2015/16 that was not approved by National Treasury when applied for roll over.
- For 2015/16 FY, an application for roll-over was made to an amount of R 61 Million, and was approved and they were also cash backed.

- For the 2015/16 financial year provisions liability as the total unspent conditional grant amounted to R61 million. The Municipality has received the necessary roll-over approval from the National Treasury.
- The main purpose of other working capital is to ensure that sufficient funds are available to meet obligations as they fall due. A key challenge is often the mismatch between the timing of receipts of funds from debtors and payments due to employees and creditors. **High levels of debtor non-payment and receipt delays will have a greater requirement for working capital, as this has been experienced by the Municipality, resulting in cash flow challenges.** For the purpose of the cash backed reserves and accumulated surplus reconciliation a provision equivalent to one month's operational expenditure has been provided for. It needs to be noted that although this can be considered prudent, the desired cash levels should be 60 days to ensure continued liquidity of the municipality. **Any underperformance in relation to collections could place upward pressure on the ability of the Municipality to meet its creditor obligations.**
- Most reserve fund cash-backing is discretionary in nature, but the reserve funds are not available to support a budget unless they are cash-backed. The reserve funds are not fully cash-backed. The level of cash-backing is directly informed by the municipality's cash backing policy. These include the rehabilitation of landfill sites and quarries.

**It can be concluded that the Municipality has a surplus against the cash backed and accumulated surpluses reconciliation.** The level of non cash-backing progressively deteriorated over the entire MTREF period. The municipality has essentially depleted all cash reserves which is a serious concern and should be considered a strategic risk to the financial stability of the Municipality. **As part of the planning strategy, this deficit needs to be aggressively managed downwards and as part of the medium term planning objectives.** It is aimed that this deficit would have been significantly reduced translating into a surplus only if the revenue collection for the municipality be effective. It needs to be noted that for all practical purposes the 2015/16 MTREF was funded when considering the funding requirements of section 18 and 19 of the MFMA, based on the debt owed to Bushbuckridge Water Board.. **The 2017/18 MTREF has been informed by ensuring the financial plan meets the minimum requirements of the MFMA.** However, from a practical perspective it would not be possible to eradicate this deficit in one financial year hence the phased approach over the MTREF. Nevertheless from a pure cash flow perspective (cash out flow versus cash inflow) the budget is funded and is therefore credible. The challenge for the Municipality will be to ensure that the underlying planning and cash flow assumptions are meticulously managed, especially the performance against the collection rate. The outstanding debt due to the Rand Water Board is the main contributing factor of the municipality's financial challenges, based on what we purchase for water, and how much we bill to the consumers.

## 2.6.5 Funding compliance measurement

National Treasury requires that the municipality assess its financial sustainability against fourteen different measures that look at various aspects of the financial health of the municipality. These measures are contained in the following table. All the information comes directly from the annual budgeted statements of financial performance, financial position and cash flows. The funding compliance measurement table essentially measures the degree to

which the proposed budget complies with the funding requirements of the MFMA. Each of the measures is discussed below.

**Table 35 MBRR SA10 – Funding compliance measurement**

MP325 Bushbuckridge Supporting Table SA10 Funding measurement			2013/14	2014/15	2015/16	Current Year 2016/17			2017/18 Medium Term Revenue &		
Description	MFMA section	Ref	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
<b>Funding measures</b>											
Cash/cash equivalents at the year end - R'000	18(1)b	1	142 475	301 154	(7 890)	81 545	116 422	116 422	73 978	264 541	543 981
Cash + investments at the yr end less applications - R'000	18(1)b	2	(237 194)	(160 615)	(362 745)	217 158	73 351	73 351	22 945	87 358	77 530
Cash year end/monthly employee/supplier payments	18(1)b	3	3,1	5,5	(0,1)	1,3	1,7	1,7	1,0	3,4	6,6
Surplus/(Deficit) excluding depreciation offsets: R'000	18(1)	4	457 611	328 634	482 997	727 770	616 780	616 780	570 050	461 661	487 164
Service charge rev % change - macro CPIX target ex exclusiv	18(1)a,(2)	5	N.A.	111,5%	(2,5%)	7,8%	(2,1%)	(6,0%)	3,0%	(0,4%)	0,2%
Cash receipts % of Ratepayer & Other revenue	18(1)a,(2)	6	54,3%	26,8%	16,4%	34,8%	32,8%	32,8%	26,4%	28,4%	28,1%
Debt impairment expense as a % of total billable revenue	18(1)a,(2)	7	26,9%	25,7%	57,5%	36,5%	47,8%	47,8%	45,0%	49,0%	48,3%
Capital payments % of capital expenditure	18(1)c;19	8	102,2%	99,6%	70,0%	101,3%	99,2%	99,2%	100,0%	100,0%	100,0%
Borrowing receipts % of capital expenditure (excl. transfers)	18(1)c	9	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%
Grants % of Govt. legislated/gazetted allocations	18(1)a	10							0,0%	0,0%	0,0%
Current consumer debtors % change - incr(decr)	18(1)a	11	N.A.	76,7%	(6,9%)	61,3%	16,8%	0,0%	19,0%	3,5%	3,5%
Long term receivables % change - incr(decr)	18(1)a	12	N.A.	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%
R&M % of Property Plant & Equipment	20(1)(vi)	13	3,1%	1,4%	1,4%	1,3%	1,4%	1,4%	0,8%	0,8%	0,8%
Asset renewal % of capital budget	20(1)(vi)	14	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%

#### 2.6.5.1 Cash/cash equivalent position

The Municipality's forecast cash position was discussed as part of the budgeted cash flow statement. A 'positive' cash position, for each year of the MTREF would generally be a minimum requirement, subject to the planned application of these funds such as cash-backing of reserves and working capital requirements.

If the municipality's forecast cash position is negative, for any year of the medium term budget, the budget is very unlikely to meet MFMA requirements or be sustainable and could indicate a risk of non-compliance with section 18 of the MFMA which deals with the funded budget at the end of the financial year. .

#### 2.6.5.2 Cash plus investments less application of funds

The purpose of this measure is to understand how the municipality has applied the available cash and investments as identified in the budgeted cash flow statement. The detail reconciliation of the cash backed reserves/surpluses is contained in Table 25, on page 25. The reconciliation is intended to be a relatively simple methodology for understanding the budgeted amount of cash and investments available with any planned or required applications to be made. This has been extensively discussed above.

#### 2.6.5.3 Monthly average payments covered by cash or cash equivalents

The purpose of this measure is to understand the level of financial risk should the municipality be under stress from a collection and cash in-flow perspective. Regardless of the annual cash position an evaluation should be made of the ability of the Municipality to meet monthly payments as and when they fall due. It is especially important to consider the position should the municipality be faced with an unexpected disaster that threatens revenue collection such as rate boycotts. Notably, the ratio has been falling significantly for the period 2013/14 to 2013/14, moving from 0.9 to (0.1) with the adopted 2014/15 MTREF. As part of the 2017/18 MTREF the municipalities decreasing cash position causes the ratio to move downwards to 1.0 and then reduces slightly to 0.9 for the outer years. As indicated above the Municipality aims to achieve at least one month's cash coverage in the medium term, and then gradually move towards two months coverage. This measure will have to be carefully monitored going forward.

#### 2.6.5.4 Surplus/deficit excluding depreciation offsets

The main purpose of this measure is to understand if the revenue levels are sufficient to conclude that the community is making a sufficient contribution for the municipal resources consumed each year. An 'adjusted' surplus/deficit is achieved by offsetting the amount of depreciation related to externally funded assets. Municipalities need to assess the result of this calculation taking into consideration its own circumstances and levels of backlogs. If the outcome is a deficit, it may indicate that rates and service charges are insufficient to ensure that the community is making a sufficient contribution toward the economic benefits they are consuming over the medium term..

It needs to be noted that a surplus does not necessarily mean that the budget is funded from a cash flow perspective and the first two measures in the table are therefore critical.

#### 2.6.5.5 Property Rates/service charge revenue as a percentage increase less macro inflation target

The purpose of this measure is to understand whether the municipality is contributing appropriately to the achievement of national inflation targets. This measure is based on the increase in 'revenue', which will include both the change in the tariff as well as any assumption about real growth such as new property development, services consumption growth etc.

The factor is calculated by deducting the maximum macro-economic inflation target increase (which is currently 3 - 6 per cent). The result is intended to be an approximation of the real increase in revenue. From the table above it can be seen that the percentage growth totals 6 and 6.7 per cent for the respective financial year of the 2015/16 MTREF. Considering the lowest percentage tariff increase in relation to revenue generated from rates and services charges is 9 per cent. However, the outcome is lower than it might be due to the slowdown in the economy and a reduction in consumption patterns. This trend will have to be carefully monitored and managed with the implementation of the budget.

#### 2.6.5.6 Cash receipts as a percentage of ratepayer and other revenue

This factor is a macro measure of the rate at which funds are 'collected'. This measure is intended to analyse the underlying assumed collection rate for the MTREF to determine the relevance and credibility of the budget assumptions contained in the budget. It can be seen that the current projection is still at 30 per cent for 2017/18 financial year. Given that the assumed collection rate was based on a improved performance target, the cash flow statement has been

conservatively determined. In addition the risks associated with objections to the valuation roll need to be clarified and hence the conservative approach, also taking into consideration the cash flow challenges experienced in the current financial year. This measure and performance objective will have to be meticulously managed. Should performance with the mid-year review and adjustments be positive in relation to actual collections of billed revenue, the adjustments budget will be amended accordingly.

#### *2.6.5.7 Debt impairment expense as a percentage of billable revenue*

This factor measures whether the provision for debt impairment is being adequately funded and is based on the underlying assumption that the provision for debt impairment (doubtful and bad debts) has to be increased to offset under-collection of billed revenues. The provision has been appropriated at 70 and 75 per cent over the MTREF. Considering the debt incentive scheme and the municipality's revenue management strategy's objective to collect outstanding debtors of 90 days, the provision is well far higher and not within the accepted leading practice.

#### *2.6.5.8 Capital payments percentage of capital expenditure*

The purpose of this measure is to determine whether the timing of payments has been taken into consideration when forecasting the cash position. It can be seen that a 2 per cent timing discount has been factored into the cash position forecasted over the entire financial year. The municipality aims to keep this as low as possible through strict compliance with the legislative requirement that creditors be paid within 30 days.

#### *2.6.5.9 Borrowing as a percentage of capital expenditure (excluding transfers, grants and contributions)*

The purpose of this measurement is to determine the proportion of a municipality's 'own-funded' capital expenditure budget that is being funded from borrowed funds to confirm MFMA compliance. Externally funded expenditure (by transfers/grants and contributions) has been excluded. The Municipality currently does not intend to do borrowings in order to finance its capital assets, due to the current collection rate, but only overdraft borrowed in 2016/17 to fund operational expenses due to the late transfers of Equitable shares by the National Treasury.

#### *2.6.5.10 Transfers/grants revenue as a percentage of Government transfers/grants available*

The purpose of this measurement is mainly to ensure that all available transfers from national and provincial government have been budgeted for. A percentage less than 100 per cent could indicate that not all grants as contained in the Division of Revenue Act (DoRA) have been budgeted for. The Municipality has budgeted for all transfers and grants such as Free basic water, free basic electricity and free basic refuse.

#### *2.6.5.11 Consumer debtors change (Current and Non-current)*

The purpose of these measures are to ascertain whether budgeted reductions in outstanding debtors are realistic. There are 2 measures shown for this factor; the change in current debtors and the change in long term receivables, both from the Budgeted Financial Position. Both measures does not show a relatively stable trend in line with the Municipality's policy of settling debtors accounts within 30 days. Debtors are taking long to settle their debts with the municipality.

#### *2.6.5.12 Repairs and maintenance expenditure level*

This measure must be considered important within the context of the funding measures criteria because a trend that indicates insufficient funds are being committed to asset repair could also indicate that the overall budget is not credible and/or sustainable in the medium to long term because the revenue budget is not being protected. Details of the Municipality's strategy pertaining to asset management and repairs and maintenance is contained in Table 60 MBRR SA34C.

#### *2.6.5.13 Asset renewal/rehabilitation expenditure level*

This measure has a similar objective to aforementioned objective relating to repairs and maintenance. A requirement of the detailed capital budget (since MFMA Circular 28 which was issued in December 2005) is to categorise each capital project as a new asset or a renewal/rehabilitation project. The objective is to summarise and understand the proportion of budgets being provided for new assets and also asset sustainability. A declining or low level of renewal funding may indicate that a budget is not credible and/or sustainable and future revenue is not being protected, similar to the justification for 'repairs and maintenance' budgets. Further details in this regard are contained in Table 59 MBRR SA34b

## 2.7 Expenditure on grants and reconciliations of unspent funds

**Table 36 MBRR SA19 - Expenditure on transfers and grant programmes**

MP325 Bushbuckridge - Supporting Table SA19 Expenditure on transfers and grant programme										
Description	Ref	2013/14	2014/15	2015/16	Current Year 2016/17			2017/18 Medium Term Revenue &		
R thousand		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
<b>EXPENDITURE:</b>	1									
<b>Operating expenditure of Transfers and Grants</b>										
National Government:		507 671	556 371	665 228	657 888	657 888	657 888	700 132	727 937	769 399
Local Government Equitable Share		485 251	545 094	635 931	647 298	647 298	647 298	683 632	719 537	750 699
Finance Management		1 550	1 600	1 675	1 810	1 810	1 810	2 145	2 400	2 700
Municipal Systems Improvement		890	934	930	–	–	–	–	–	–
EPWP Incentive		2 596	2 192	2 551	3 780	3 780	3 780	9 355	–	–
Integrated National Electrification Programme		6 656	3 492	7 200	5 000	5 000	5 000	5 000	6 000	16 000
Water Services Operating Subsidy		10 728	3 059	16 941	–	–	–	–	–	–
Other transfers/grants [insert description]										
Provincial Government:		–	–	–	–	–	–	–	–	–
Other transfers/grants [insert description]										
District Municipality:		–	450	–	–	–	–	–	–	–
Operational Grant from Ehlanzeni District		–	450	–	–	–	–	–	–	–
Other grant providers:		–	–	2 635	–	–	–	–	–	–
[insert description]										
Disaster Grant		–	–	2 635	–	–	–	–	–	–
Total operating expenditure of Transfers and Grants		507 671	556 821	667 863	657 888	657 888	657 888	700 132	727 937	769 399
<b>Capital expenditure of Transfers and Grants</b>										
National Government:		448 644	275 864	426 158	519 773	438 773	438 773	397 080	404 290	428 887
Municipal Infrastructure Grant (MIG)		422 793	271 324	366 158	358 773	358 773	358 773	394 080	404 290	428 887
Regional Bulk Infrastructure		–	–	–	140 000	40 000	40 000	3 000	–	–
Minicipal Water Infrastructure Grant		25 851	4 541	60 000	21 000	40 000	40 000	–	–	–
Provincial Government:		–	61 899	–	–	44 000	44 000	–	–	–
Human Settlements (ACIP)		–	61 899	–	–	44 000	44 000	–	–	–
District Municipality:		–	–	–	–	–	–	–	–	–
Operational Grant from Ehlanzeni District										
Other grant providers:		–	–	–	130 000	130 000	130 000	110 000	55 000	64 000
[insert description]										
Water Service Infrastructure Grant		–	–	–	130 000	130 000	130 000	110 000	55 000	64 000
Total capital expenditure of Transfers and Grants		448 644	337 764	426 158	649 773	612 773	612 773	507 080	459 290	492 887
<b>TOTAL EXPENDITURE OF TRANSFERS AND GRANTS</b>		956 315	894 585	1 094 021	1 307 661	1 270 661	1 270 661	1 207 212	1 187 227	1 262 286

**Table 37 MBRR SA 20 - Reconciliation between of transfers, grant receipts and unspent funds****2.8 Councillor and employee benefits****Table 38 MBRR SA22 - Summary of councillor and staff benefits**

MP325 Bushbuckridge - Supporting Table SA22 Summary councillor and staff benefits										
Summary of Employee and Councillor remuneration R thousand	Ref	2013/14	2014/15	2015/16	Current Year 2016/17			2017/18 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year	Budget Year +1	Budget Year +2
		1	A	B	D	E	F	G	H	I
<b>Councillors (Political Office Bearers plus Other)</b>										
Basic Salaries and Wages		14 858	17 264	17 358	22 000	22 000	22 000	23 320	24 719	26 202
Pension and UIF Contributions		2 584	2 020	2 195	3 700	2 200	2 200	2 332	2 472	2 620
Medical Aid Contributions		576	400	(121)	394	344	344	365	386	410
Motor Vehicle Allowance		4 279	4 387	5 823	5 500	6 000	6 000	6 360	6 742	7 146
Cellphone Allowance										
Housing Allowances										
Other benefits and allowances										
<b>Sub Total - Councillors</b>		<b>22 297</b>	<b>24 072</b>	<b>25 256</b>	<b>31 594</b>	<b>30 544</b>	<b>30 544</b>	<b>32 377</b>	<b>34 319</b>	<b>36 378</b>
% increase	4		8,0%	4,9%	25,1%	(3,3%)	–	6,0%	6,0%	6,0%
<b>Senior Managers of the Municipality</b>	2									
Basic Salaries and Wages										
Pension and UIF Contributions										
Medical Aid Contributions										
Overtime										
Performance Bonus										
Motor Vehicle Allowance	3									
Cellphone Allowance	3									
Housing Allowances	3									
Other benefits and allowances	3									
Payments in lieu of leave										
Long service awards										
Post-retirement benefit	6									
<b>Sub Total - Senior Managers of Municipality</b>		<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>
% increase	4		–	–	–	–	–	–	–	–
<b>Other Municipal Staff</b>										
Basic Salaries and Wages		160 367	198 858	216 381	225 000	240 000	240 000	253 950	271 674	290 610
Pension and UIF Contributions		28 398	35 697	42 733	42 886	47 086	47 086	54 410	58 197	62 240
Medical Aid Contributions		8 571	10 039	11 637	11 700	13 200	13 200	14 049	15 027	16 072
Overtime		3 262	2 604	3 269	2 300	2 300	2 300	2 157	2 307	2 468
Performance Bonus		–	–	–	3 000	3 000	3 000	3 476	3 718	3 976
Motor Vehicle Allowance	3	5 777	6 189	9 530	13 000	15 500	15 500	16 742	17 903	19 137
Cellphone Allowance	3	–	–	–	–	–	–	–	–	–
Housing Allowances	3	2 367	2 269	2 158	2 950	750	750	811	867	927
Other benefits and allowances	3	16 028	23 522	33 560	28 494	31 414	31 414	32 783	35 073	37 519
Payments in lieu of leave		–	–	(268)	820	820	820	962	1 028	1 098
Long service awards		–	1 972	7 979	8 000	1 500	1 500	2 188	2 340	2 503
Post-retirement benefit	6									
<b>Sub Total - Other Municipal Staff</b>		<b>224 770</b>	<b>281 150</b>	<b>326 980</b>	<b>338 150</b>	<b>355 570</b>	<b>355 570</b>	<b>381 527</b>	<b>408 133</b>	<b>436 550</b>
% increase	4		25,1%	16,3%	3,4%	5,2%	–	7,3%	7,0%	7,0%

**Table 39 MBRR SA23 - Salaries, allowances and benefits (political office bearers/councillors/ senior managers)**

MP325 Bushbuckridge - Supporting Table SA23 Salaries, allowances & benefits (political office bearers/councillors/senior managers)								
Disclosure of Salaries, Allowances & Benefits 1.	Ref	No.	Salary	Contributions	Allowances	Performance Bonuses	In-kind benefits	Total Package
Rand per annum				1.				2.
<u>Councillors</u>	3							
Speaker	4		447 618	87 612	140 760			675 989
Chief Whip			419 641	83 338	131 963			634 942
Executive Mayor			559 522	110 988	191 263			861 773
Deputy Executive Mayor								–
Executive Committee			3 167 102	558 709	1 119 043			4 844 854
Total for all other councillors			10 820 854	3 027 223	3 618 036			17 466 113
<b>Total Councillors</b>	<b>8</b>	<b>–</b>	<b>15 414 738</b>	<b>3 867 870</b>	<b>5 201 064</b>			<b>24 483 672</b>
<u>Senior Managers of the Municipality</u>	5							
Municipal Manager (MM)			841 251	15 002	594 366			1 450 620
Chief Finance Officer			1 237 075	63 511	288 110			1 588 697
Director Corporate Services			690 647	29 366	461 662			1 181 675
Director Community Services			690 647	15 103	453 840			1 159 590
Director Technical Services			690 647	12 500	451 098			1 154 245
Director EDPE			690 647	57 779	478 435			1 226 862
<i>List of each official with packages &gt;= senior manager</i>								–
<b>Total Senior Managers of the Municipality</b>	<b>8,10</b>	<b>–</b>	<b>4 840 915</b>	<b>193 261</b>	<b>2 727 511</b>	<b>–</b>		<b>7 761 688</b>
<u>A Heading for Each Entity</u>	6,7							
List each member of board by designation								–
<b>TOTAL COST OF COUNCILLOR, DIRECTOR and EXECUTIVE</b>	<b>10</b>	<b>–</b>	<b>20 255 653</b>	<b>4 061 131</b>	<b>7 928 576</b>	<b>–</b>		<b>32 245 360</b>

**Table 40 MBRR SA24 – Summary of personnel numbers**

MP325 Bushbuckridge - Supporting Table SA24 Summary of personnel numbers			2015/16			Current Year 2016/17			Budget Year 2017/18		
Summary of Personnel Numbers	Ref		Positions	Permanen t	Contract employee	Positions	Permanen t	Contract employee	Positions	Permanen t	Contract employee
Number	1,2										
<b>Municipal Council and Boards of Municipal Entities</b>											
Councillors (Political Office Bearers plus Other Councillors)			74	5	69	78	5	69	78	5	69
Board Members of municipal entities	4										
Municipal employees	5										
Municipal Manager and Senior Managers	3		9	–	9	9	–	9	9	–	9
Other Managers	7		18	14		18	14		18	14	
Professionals			32	29	–	32	29	–	32	29	–
Finance			17	17		17	17		17	17	
Spatial/town planning			1	1		1	1		1	1	
Information Technology			–	–		–	–		–	–	
Roads			2	2		2	2		2	2	
Electricity			2	2		2	2		2	2	
Water			7	5		7	5		7	5	
Sanitation			3	2		3	2		3	2	
Refuse											
Other											
Technicians			787	757	5	787	757	5	787	757	5
Finance			36	29	5	36	29	5	36	29	5
Spatial/town planning			10	10		10	10		10	10	
Information Technology			2	2		2	2		2	2	
Roads			5	5		5	5		5	5	
Electricity			3	3		3	3		3	3	
Water			295	272		295	272		295	272	
Sanitation			3	3		3	3		3	3	
Refuse			190	190		190	190		190	190	
Other			243	243		243	243		243	243	
Clerks (Clerical and administrative)			267	258		267	258		267	258	
Service and sales workers											
Skilled agricultural and fishery workers											
Craft and related trades											
Plant and Machine Operators											
Elementary Occupations											
<b>TOTAL PERSONNEL NUMBERS</b>	<b>9</b>		<b>1 187</b>	<b>1 063</b>	<b>83</b>	<b>1 191</b>	<b>1 063</b>	<b>83</b>	<b>1 191</b>	<b>1 063</b>	<b>83</b>
% increase						0,3%	–	–	–	–	–
Total municipal employees headcount	6, 10										
Finance personnel headcount	8, 10										
Human Resources personnel headcount	8, 10										

## 2.9 Monthly targets for revenue, expenditure and cash flow

**Table 41 MBRR SA25 - Budgeted monthly revenue and expenditure**

MP325 Bushbuckridge - Supporting Table SA25 Budgeted monthly revenue and expenditure														Medium Term Revenue and Expenditure Framework		
Description	Ref	Budget Year 2017/18												Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
R thousand		July	August	Sept.	October	November	December	January	February	March	April	May	June			
<b>Revenue By Source</b>																
Property rates		130 000	4 650	4 650	4 650	4 650	4 650	4 650	4 650	4 650	4 650	4 650	18 289	194 789	206 477	218 665
Service charges - electricity revenue													—	—	—	—
Service charges - water revenue													51 104	51 104	54 283	58 346
Service charges - sanitation revenue		385	396	363	388	202	612	323	369	259	312	258	247	4 114	4 360	4 622
Service charges - refuse revenue		469	563	612	728	623	589	602	591	613	658	712	690	7 450	6 744	7 187
Service charges - other													—	—	—	—
Rental of facilities and equipment		59	88	96	102	114	154	47	89	68	69	75	283	1 244	1 319	1 398
Interest earned - external investments		1 023	1 215	1 365	1 401	1 523	1 365	1 425	1 023	1 123	986	1 102	1 459	15 010	14 500	15 000
Interest earned - outstanding debtors													55 000	55 000	28 665	35 000
Dividends received													—	—	—	—
Fines, penalties and forfeits													2 756	2 756	2 894	3 068
Licences and permits		126	189	201	169	189	298	203	198	202	263	289	9 881	12 208	12 819	13 585
Agency services		658	721		802	856	903	919	869	986	687	758	1 080	10 027	10 528	11 160
Transfers and subsidies		347 532	5 000	788	802	135 230	903	919	869	165 126	165 126	758	43 705	696 593	723 485	755 040
Other revenue		658	321	398	361	372	396	501	465	432	396	358	4 393	9 051	9 632	10 259
Gains on disposal of PPE													—	—	—	—
<b>Total Revenue (excluding capital transfers)</b>		<b>480 910</b>	<b>13 143</b>	<b>8 473</b>	<b>8 601</b>	<b>143 759</b>	<b>8 967</b>	<b>8 670</b>	<b>8 254</b>	<b>173 459</b>	<b>8 021</b>	<b>8 202</b>	<b>188 887</b>	<b>1 059 346</b>	<b>1 075 706</b>	<b>1 133 330</b>
<b>Expenditure By Type</b>																
Employee related costs		26 310	26 310	26 310	26 310	26 310	42 900	26 923	25 923	25 923	26 500	26 500	75 308	381 527	408 133	436 550
Remuneration of councilors		2 653	2 653	2 653	2 653	2 653	2 653	2 653	2 653	2 653	2 653	2 653	3 456	32 639	34 597	36 673
Debt impairment													51 288	115 788	133 127	139 467
Depreciation & asset impairment													37 500	72 000	74 500	77 500
Finance charges		38	42	51	48	55	69	46	54	59	48	46	(214)	342	363	384
Bulk purchases		15 500	15 500	15 500	15 500	15 500	15 500	15 500	15 500	15 500	15 500	15 500	52 500	223 000	236 380	250 563
Other materials													25 510	25 510	25 486	27 094
Contracted services		1 895	2 375	2 985	2 565	2 895	3 107	3 542	3 685	3 895	3 214	3 652	18 934	52 744	55 957	59 351
Transfers and subsidies		895	923	1 014	947	965	1 002	875	765	998	1 014	1 124	1 146	11 668	12 368	13 110
Other expenditure		3 897	4 125	5 897	6 875	6 001	5 542	6 541	6 332	4 897	4 665	3 698	22 689	81 159	92 424	98 361
Loss on disposal of PPE													—	—	—	—
<b>Total Expenditure</b>		<b>51 188</b>	<b>51 928</b>	<b>87 410</b>	<b>54 898</b>	<b>54 379</b>	<b>103 773</b>	<b>56 080</b>	<b>54 912</b>	<b>86 925</b>	<b>53 594</b>	<b>53 173</b>	<b>288 116</b>	<b>996 376</b>	<b>1 073 335</b>	<b>1 139 053</b>
<b>Surplus/(Deficit)</b>		<b>429 722</b>	<b>(38 785)</b>	<b>(78 937)</b>	<b>(46 297)</b>	<b>89 380</b>	<b>(94 806)</b>	<b>(47 410)</b>	<b>(46 658)</b>	<b>86 534</b>	<b>(45 573)</b>	<b>(44 971)</b>	<b>(99 229)</b>	<b>62 970</b>	<b>2 371</b>	<b>(5 723)</b>
Transfers and subsidies - capital (monetary allocations) (National / (monetary allocations) (National / Transfers and subsidies - capital (in-kind - all)		165 000				189 000				153 080			—	507 080	459 290	492 887
<b>Surplus/(Deficit) after capital transfers &amp; contributions</b>		<b>594 722</b>	<b>(38 785)</b>	<b>(78 937)</b>	<b>(46 297)</b>	<b>278 380</b>	<b>(94 806)</b>	<b>(47 410)</b>	<b>(46 658)</b>	<b>239 614</b>	<b>(45 573)</b>	<b>(44 971)</b>	<b>(99 229)</b>	<b>570 050</b>	<b>461 661</b>	<b>487 164</b>
Attributable to minorities													—	—	—	—
Share of surplus/ (deficit) of													—	—	—	—
<b>Surplus/(Deficit)</b>	<b>1</b>	<b>594 722</b>	<b>(38 785)</b>	<b>(78 937)</b>	<b>(46 297)</b>	<b>278 380</b>	<b>(94 806)</b>	<b>(47 410)</b>	<b>(46 658)</b>	<b>239 614</b>	<b>(45 573)</b>	<b>(44 971)</b>	<b>(99 229)</b>	<b>570 050</b>	<b>461 661</b>	<b>487 164</b>

**Table 42 MBRR SA26 - Budgeted monthly revenue and expenditure (municipal vote)**

## MP325 Bushbuckridge - Supporting Table SA26 Budgeted monthly revenue and expenditure (municipal vote)

Description	Ref	Budget Year 2017/18												Medium Term Revenue and Expenditure Framework		
		July	August	Sept.	October	November	December	January	February	March	April	May	June	Budget Year	Budget Year +1	Budget Year +2
R thousand																
<b>Revenue by Vote</b>																
Vote 1 - Dept 001 - Budget & Treasury Office		347 532	8 932	6 471	163 525	142 351	5 985	5 105	5 236	253 021	5 263	5 119	2 875	951 415	972 466	1 023 353
Vote 2 - Dept 002 - Corporate Services		258	312	363	341	412	389	421	412	369	402	369	518	4 566	4 840	5 131
Vote 3 - Dept 005 - Economic Development, Planning and Environment		449	469	489	511	569	589	593	589	575	502	119	670	6 124	6 536	6 981
Vote 4 - Dept 006 - Community Support Services		23	22	24	29	31	36	41	48	36	51	48	115	504	535	568
Vote 5 - Dept 008 - Office of the Municipal Manager													-	-	-	-
Vote 6 - Dept 009 - Office of the Speaker													-	-	-	-
Vote 7 - Dept 010 - Office of the Mayor													-	-	-	-
Vote 8 - Dept 013 - Community Support Services		1 985	2 102	2 212	2 013	2 145	2 054	2 054	1 832	2 085	2 085	2 058	1 631	24 256	25 469	26 997
Vote 9 - Dept 014 - Municipal Works - Public Works		689	721	889	956	1 021	875	756	712	702	695	615	6 296	14 927	6 601	16 644
Vote 10 - Dept 015 - Municipal Works - Water		25 000	3 268	3 347	3 654	34 265	2 458	2 211	1 985	87 639	1 632	1 785	5 392	172 636	116 691	130 108
Vote 11 - Dept 016 - Municipal Works - Roads						15	18	21	16				-	70	80	90
Vote 12 - Dept 017 - EDPE - Refuse		512	536	569	587	598	689	502	501	513	502	469	1 472	7 450	6 744	7 187
Vote 13 - Dept 018 - Municipal Works - Sewerage		287	292	269	298	365	269	243	204	219	269	247	3 869	6 831	7 241	7 676
Vote 14 - Dapt 020 - Municipal Works - PMU	0	137 500				147 000				109 700			-	394 200	404 427	429 043
Total Revenue by Vote		514 235	16 654	14 633	171 914	328 772	13 362	11 947	11 535	454 859	11 401	10 829	22 839	1 582 980	1 551 632	1 653 777
<b>Expenditure by Vote to be appropriated</b>																
Vote 1 - Dept 001 - Budget & Treasury Office		698	1 023	72 357	2 105	1 023	73 102	2 365	2 231	71 007	2 135	2 235	22 040	252 321	276 465	290 397
Vote 2 - Dept 002 - Corporate Services		8 000	8 872	10 001	8 875	8 887	16 015	11 201	8 863	8 786	8 663	9 236	8 359	115 758	123 438	47 605
Vote 3 - Dept 005 - Economic Development, Planning and Environment		1 698	2 123	2 423	2 658	2 023	3 565	1 924	1 936	1 928	1 936	2 145	2 920	27 279	29 080	31 011
Vote 4 - Dept 006 - Community Support Services		8 898	8 102	8 564	9 789	8 102	9 025	8 985	8 874	8 687	8 542	9 987	8 853	106 408	113 305	120 798
Vote 5 - Dept 008 - Office of the Municipal Manager		2 458	2 513	2 698	2 721	2 458	4 587	2 547	2 412	2 490	2 512	2 613	2 311	32 320	34 852	37 582
Vote 6 - Dept 009 - Office of the Speaker		2 741	2 787	2 763	2 796	2 785	2 775	2 787	2 774	2 876	2 884	2 876	4 197	35 041	37 143	39 372
Vote 7 - Dept 010 - Office of the Mayor		126	165	102	192	135	298	102	315	241	265	203	197	2 341	2 478	2 623
Vote 8 - Dept 013 - Community Support Services		1 458	1 324	1 369	1 402	1 401	2 756	1 321	1 025	1 125	1 214	1 365	1 768	17 528	18 681	19 910
Vote 9 - Dept 014 - Municipal Works - Public Works		689	842	1 023	698	723	16 214	468	478	16 541	465	412	2 997	41 550	38 137	40 514
Vote 10 - Dept 015 - Municipal Works - Water		26 689	26 697	26 896	26 748	26 447	39 857	26 474	27 251	26 785	26 633	16 987	14 861	312 325	331 906	352 721
Vote 11 - Dept 016 - Municipal Works - Roads		3 689	3 712	3 789	3 763	3 812	3 826	3 812	3 801	3 811	3 819	6 912	5 430	50 176	52 738	56 426
Vote 12 - Dept 017 - EDPE - Refuse		568	571	589	511	524	445	544	489	578	424	589	636	6 468	6 856	7 267
Vote 13 - Dept 018 - Municipal Works - Sewerage		458	479	547	635	778	1 213	692	542	698	663	621	692	8 018	8 541	9 054
Vote 14 - Dapt 020 - Municipal Works - PMU	0	469	481	423	411	411	789	401	389	369	321	345	443	5 252	5 567	5 901
Total Expenditure by Vote		58 639	59 691	133 544	63 304	59 509	174 467	63 623	61 380	145 922	60 476	56 526	75 703	1 012 784	1 079 187	1 061 182
Surplus/(Deficit) before assoc.		455 596	(43 037)	(118 911)	108 610	269 263	(161 105)	(51 676)	(49 845)	308 937	(49 075)	(45 697)	(52 864)	570 196	472 445	592 595
Taxation													-	-	-	-
Attributable to minorities													-	-	-	-
Share of surplus/ (deficit) of associate													-	-	-	-
Surplus/(Deficit)	1	455 596	(43 037)	(118 911)	108 610	269 263	(161 105)	(51 676)	(49 845)	308 937	(49 075)	(45 697)	(52 864)	570 196	472 445	592 595

**Table 43 MBRR SA27 - Budgeted monthly revenue and expenditure (standard classification)**

MP325 Bushbuckridge - Supporting Table SA27 Budgeted monthly revenue and expenditure (functional classification)														Medium Term Revenue and Expenditure Framework			
Description	Ref	Budget Year 2017/18												Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20	
R thousand		July	August	Sept.	October	November	December	January	February	March	April	May	June				
<b>Revenue - Functional</b>																	
<i>Governance and administration</i>		347 532	8 932	6 471	163 525	142 351	5 985	5 105	5 236	253 021	5 263	5 119	16 796	965 336	977 307	1 028 484	
Executive and council														–	–	–	
Finance and administration		347 532	8 932	6 471	163 525	142 351	5 985	5 105	5 236	253 021	5 263	5 119	16 796	965 336	977 307	1 028 484	
Internal audit														–	–	–	
<i>Community and public safety</i>		2 038	2 174	2 289	2 103	2 239	2 150	2 151	1 930	2 181	2 184	2 159	1 735	25 333	26 606	28 209	
Community and social services		12	13	14	22	26	31	35	31	28	36	39	23	310	328	347	
Sport and recreation		13	18	12	14	12	11	13	15	17	16	17	22	180	191	202	
Public safety		1 985	2 102	2 212	2 013	2 145	2 054	2 054	1 832	2 085	2 085	2 058	1 646	24 271	25 486	27 016	
Housing		28	41	51	54	56	54	49	52	51	47	45	44	572	601	644	
Health														–	–	–	
<i>Economic and environmental services</i>		449	469	489	511	584	607	614	605	575	502	119	670	6 194	6 616	7 071	
Planning and development		449	469	489	511	569	589	593	589	575	502	119	670	6 124	6 536	6 981	
Road transport		–	–	–	–	15	18	21	16	–	–	–	–	70	80	90	
Environmental protection														–	–	–	
<i>Trading services</i>		25 799	5 596	4 185	4 539	35 228	5 566	2 956	2 690	89 721	2 403	2 501	10 733	191 917	136 676	160 970	
Energy sources		1 500					2 150							–	5 000	6 000	16 000
Water management		25 000	3 268	3 347	3 654	34 265	2 458	2 211	1 985	87 639	1 632	1 785	5 392	172 636	116 691	130 108	
Waste water management		287	292	269	298	365	269	243	204	219	269	247	3 869	6 831	7 241	7 676	
Waste management		512	536	569	587	598	689	502	501	513	502	469	1 472	7 450	6 744	7 187	
Other		168 000				148 000				78 200				–	394 200	404 427	429 043
<b>Total Revenue - Functional</b>		543 818	17 171	13 434	170 678	180 402	162 308	10 826	10 461	423 698	10 352	9 898	29 934	1 582 980	1 551 632	1 653 777	
<b>Expenditure - Functional</b>																	
<i>Governance and administration</i>		11 565	12 847	85 223	13 968	12 830	92 190	16 455	14 183	82 910	13 947	14 550	67 114	437 782	474 377	501 604	
Executive and council		2 867	2 952	2 865	2 988	2 920	3 073	2 889	3 089	3 117	3 149	3 079	31 367	64 355	68 464	72 835	
Finance and administration		8 698	9 895	82 358	10 980	9 910	89 117	13 566	11 094	79 793	10 798	11 471	35 098	372 778	405 225	428 040	
Internal audit													649	649	688	729	
<i>Community and public safety</i>		10 800	9 991	10 490	11 819	10 111	11 147	10 999	10 918	10 944	10 645	11 997	8 213	128 074	136 372	145 357	
Community and social services		8 898	8 102	8 564	9 789	8 102	9 025	8 985	8 874	8 687	8 542	9 987	6 214	103 769	110 508	117 833	
Sport and recreation		1 426	1 465	1 402	1 492	1 435	1 598	1 502	1 536	1 501	1 511	1 502	1 582	17 952	19 130	20 386	
Public safety		238	212	212	312	369	387	412	406	354	478	196	197	2 215	2 348	2 489	
Housing		238	212	312	369	387	412	406	354	478	396	354	220	4 138	4 386	4 649	
Health													–	–	–	–	
<i>Economic and environmental services</i>		2 387	2 965	3 446	3 356	2 746	19 779	2 392	2 414	18 469	2 401	2 557	14 543	77 455	81 818	87 438	
Planning and development		1 698	2 123	2 423	2 658	2 023	3 565	1 924	1 936	1 928	1 936	2 145	2 920	27 279	29 080	31 011	
Road transport		689	842	1 023	698	723	16 214	468	478	16 541	465	412	11 623	50 176	52 738	56 426	
Environmental protection													–	–	–	–	
<i>Trading services</i>		29 438	27 747	28 032	27 894	27 749	41 515	27 710	28 282	28 061	27 720	18 197	51 877	364 222	381 053	404 906	
Energy sources		1 723											35 689	37 412	33 750	35 864	
Water management		26 689	26 697	26 896	26 748	26 447	39 857	26 474	27 251	26 785	26 633	16 987	14 861	312 325	331 906	352 721	
Waste water management		458	479	547	635	778	1 213	692	542	698	663	621	692	8 018	8 541	9 054	
Waste management		568	571	589	511	524	445	544	489	578	424	589	636	6 468	6 856	7 267	
Other		469	481	423	411	411	789	401	389	369	321	345	443	5 252	5 567	5 901	
<b>Total Expenditure - Functional</b>		54 659	54 031	127 614	57 448	53 847	165 420	57 957	56 186	140 753	55 034	47 646	142 189	1 012 784	1 079 187	1 145 206	
<b>Surplus/(Deficit) before assoc.</b>		489 159	(36 860)	(114 180)	113 230	126 555	(3 112)	(47 131)	(45 725)	282 945	(44 682)	(37 748)	(112 255)	570 196	472 445	508 571	
<b>Share of surplus/ (deficit) of</b>													–	–	–	–	
<b>Surplus/(Deficit)</b>	1	489 159	(36 860)	(114 180)	113 230	126 555	(3 112)	(47 131)	(45 725)	282 945	(44 682)	(37 748)	(112 255)	570 196	472 445	508 571	

**Table 44 MBRR SA28 - Budgeted monthly capital expenditure (municipal vote)**

MP325 Bushbuckridge - Supporting Table SA28 Budgeted monthly capital expenditure (municipal vote)														Medium Term Revenue and		
Description	Ref	Budget Year 2017/18												Medium Term Revenue and		
		July	August	Sept.	October	Nov.	Dec.	January	Feb.	March	April	May	June	Budget	Budget	Budget
R thousand														Year	Year +1	Year +2
														2017/18	2018/19	2019/20
<i>Multi-year expenditure to be appropriated</i>	1															
Vote 1 - Dept 001 - Budget & Treasury Office		121	61	123	118	127	242	97	108	128	107	104	117	1 452	-	-
Vote 2 - Dept 002 - Corporate Services		121	61	123	118	127	242	97	108	128	107	104	285	1 620	451	693
Vote 3 - Dept 005 - Economic Development, Planning		3 134	2 134	4 143	1 428	3 168	9 896	167	1 108	2 136	3 802	3 050	3 437	37 603	20 000	41 000
Vote 4 - Dept 006- Community Support Services		75	81	45	96	47	121	114	96	87	69	89	80	1 000	2 500	-
Vote 5 - Dept 008 - Office of the Municipal Manager				35	30								-	65	68	70
Vote 6 - Dept 009 - Office of the Speaker				45	45	6							-	96	-	-
Vote 7 - Dept 010 - Office of the Mayor													-	-	-	-
Vote 8 - Dept 013 - Community Support Services - Traffic			98	125	147	196	212	202	296	247	236	301	220	2 280	2 300	2 200
Vote 9 - Dept 014 - Municipal Works - Public Works					252	176	147	225					-	800	-	-
Vote 10 - Dept 015 - Municipal Works - Water		38 000	29 000	39 000	31 000	40 000	56 000	19 000	28 000	37 000	39 000	41 000	40 000	437 000	170 500	138 500
Vote 11 - Det 016 - Municipal Works - Roads		2 740	1 740	3 620	790	4 809	7 260	640	1 060	2 074	3 010	2 400	2 737	32 880	9 275	-
Vote 12 - Dept 017 - EDPE - Refuse						658	125	429	478	110			-	1 800	3 800	4 500
Vote 13 - Dept 018 - Municipal Works - Sewerage		1 659	2 547	1 897	2 441	2 132	2 147	1 687	1 655	1 478	1 245	1 003	2 309	22 200	40 000	-
Vote 14 - Dapt 020 - Municipal Works - PMU		1 589	4 258	4 565	4 565	2 689	4 715	1 365	1 478	1 698	1 478	1 254	1 746	31 400	-	-
0													-	-	-	-
Capital multi-year expenditure sub-total	2	47 439	39 979	53 721	41 030	54 135	81 107	24 023	34 387	45 086	49 054	49 305	50 930	570 196	248 894	186 963

**Table 45 MBRR SA29 - Budgeted monthly capital expenditure (standard classification)**

MP325 Bushbuckridge - Supporting Table SA29 Budgeted monthly capital expenditure (functional classification)																	
Description	Ref	Budget Year 2017/18												Medium	Term	Revenue and	
R thousand		July	August	Sept.	October	Nov.	Dec.	January	Feb.	March	April	May	June	Budget	Budget	Budget	
Capital Expenditure - Functional	1													Year	Year +1	Year +2	
<i>Governance and administration</i>		131	68	133	126	135	257	101	114	136	112	112	126	1 548	-	-	
Executive and council		10	8	10	8	8	15	4	6	8	5	8	9	96	-	-	
Finance and administration		121	61	123	118	127	242	97	108	128	107	104	117	1 452	-	-	
Internal audit													-	-	-	-	
<i>Community and public safety</i>		1 641	1 207	1 564	1 337	1 669	3 573	623	1 290	1 556	2 745	1 990	2 206	21 400	-	-	
Community and social services													-	-	-	-	
Sport and recreation		1 016	579	1 028	909	809	2 317	303	750	1 030	2 025	1 500	1 635	13 900	-	-	
Public safety													-	-	-	-	
Housing		625	628	536	428	860	1 256	320	540	526	720	490	571	7 500	-	-	
Health													-	-	-	-	
<i>Economic and environmental services</i>		5 874	3 874	7 763	2 218	7 977	17 156	807	2 168	4 210	6 812	5 450	6 174	70 483	29 275	41 000	
Planning and development		3 134	2 134	4 143	1 428	3 168	9 896	167	1 108	2 136	3 802	3 050	3 437	37 603	20 000	41 000	
Road transport		2 740	1 740	3 620	790	4 809	7 260	640	1 060	2 074	3 010	2 400	2 737	32 880	9 275	-	
Environmental protection													-	-	-	-	
<i>Trading services</i>		41 340	32 630	42 210	32 641	42 658	64 960	20 275	29 386	39 209	40 649	42 934	42 910	471 800	214 300	143 000	
Energy sources		1 020	450	1 020	420	540	3 560	262	228	970	1 000	625	705	10 800	-	-	
Water management		38 000	29 000	39 000	31 000	40 000	56 000	19 000	28 000	37 000	39 000	41 000	40 000	437 000	170 500	138 500	
Waste water management		2 200	3 100	2 110	1 100	2 020	5 060	950	1 050	1 060	550	1 080	1 920	22 200	40 000	-	
Waste management		120	80	80	121	98	340	63	108	179	99	229	285	1 800	3 800	4 500	
<i>Other</i>													4 965	4 965	-	-	
Total Capital Expenditure -	2	48 986	37 779	51 669	36 322	52 439	85 945	21 805	32 958	45 111	50 317	50 486	56 380	570 196	243 575	184 000	
<i>Funded by:</i>																	
National Government													-	-	-	-	
Provincial Government													-	-	-	-	
District Municipality													-	-	-	-	
Other transfers and grants													-	-	-	-	
Transfers recognised - capital		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Public contributions & donations													-	-	-	-	
Borrowing													-	-	-	-	
Internally generated funds													-	-	-	-	
Total Capital Funding		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	

**Table 46 MBRR SA30 - Budgeted monthly cash flow**

MP325 Bushbuckridge - Supporting Table SA30 Budgeted monthly cash flow														Medium Term Revenue and Expenditure Framework		
MONTHLY CASH FLOWS R thousand	Budget Year 2017/18													Budget Year	Budget Year +1	Budget Year +2
	July	August	Sept.	October	November	December	January	February	March	April	May	June				
Cash Receipts By Source														1		
Property rates	895	115	2 265	8 500	9 600	654	1 235	2 547	8 125	4 215	2 126	2 577	42 854	45 425	48 106	
Service charges - electricity revenue													—	—	—	—
Service charges - water revenue	698	712	913	1 452	754	1 689	458	350	1 252	1 057	954	954	11 243	11 942	12 836	
Service charges - sanitation revenue	103	92	77	90	86	203	24	34	30	16	77	74	905	959	1 017	
Service charges - refuse revenue	116	67	121	10	102	265	39	217	101	167	211	224	1 639	1 484	1 581	
Service charges - other												—	—	—	—	—
Rental of facilities and equipment	112	80	114	89	99	299	76	77	81	67	79	72	1 244	290	308	
Interest earned - external investments	1 179	380	201	107	1 100	1 168	147	201	450	387	4 580	5 110	15 010	14 500	15 000	
Interest earned - outstanding debtors	750	470	302	202	490	4 979	289	461	475	302	1 158	2 222	12 100	6 306	7 700	
Dividends received												—	—	—	—	—
Fines, penalties and forfeits	210	381	181	107	148	210	97	103	305	289	358	368	2 756	2 894	3 068	
Licences and permits	869	105	2 225	750	870	1 245	564	2 447	720	117	1 107	1 190	12 208	12 819	13 585	
Agency services	678	125	1 265	85	728	1 645	417	590	580	689	2 126	1 099	10 027	10 528	11 160	
Transfer receipts - operational												700 132	700 132	727 937	769 399	
Other revenue	700	112	1 167	102	528	1 454	109	688	567	127	1 827	1 670	9 051	9 632	10 259	
Cash Receipts by Source	6 310	2 639	8 830	11 494	14 505	13 811	3 455	7 715	12 687	7 433	14 601	715 692	819 169	844 717	894 019	
Other Cash Flows by Source																
Transfer receipts - capital	163 000	—	—	—	176 000	—	—	—	168 080	—	—	—	507 080	459 290	492 887	
Proceeds on disposal of PPE												750	750	795	1 200	
Short term loans												—				
Borrowing long term/refinancing												—				
Increase (decrease) in consumer deposits												—				
Decrease (Increase) in non-current debtors												—				
Decrease (increase) other non-current receivables												—				
Decrease (increase) in non-current investments												—				
Total Cash Receipts by Source	169 310	2 639	8 830	11 494	190 505	13 811	3 455	7 715	180 767	7 433	14 601	716 442	#####	#####	#####	

MP325 Bushbuckridge - Supporting Table SA30 Budgeted monthly cash flow																			
MONTHLY CASH FLOWS		Budget Year 2017/18												Medium Term Revenue and					
R thousand		July	August	Sept.	October	November	December	January	February	March	April	May	June	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20			
Cash Payments by Type																			
Employee related costs	28 000	29 789	28 754	29 999	29 872	46 256	28 789	23 789	31 789	28 789	27 821	47 880	381 527	408 133	436 550				
Remuneration of councilors	2 056	2 146	2 058	2 031	2 146	9 012	2 148	2 318	2 101	2 146	2 183	2 294	32 639	34 597	36 673				
Finance charges												342	342						
Bulk purchases - Electricity												—							
Bulk purchases - Water & Sewer	18 600	18 900	18 800	18 300	18 900	18 300	18 300	18 000	18 000	18 900	18 800	19 200	223 000	236 380	250 563				
Other materials	1 980	2 020	1 890	1 760	2 820	4 026	1 560	1 780	1 890	1 894	1 982	1 908	25 510	25 486	27 094				
Contracted services	3 089	5 026	4 080	5 860	5 086	8 268	2 080	2 898	3 790	4 230	4 020	4 317	52 744	55 957	59 351				
Transfers and grants - other municipalities												—	—	0	0				
Transfers and grants - other	115	1 012	709	1 025	2 000	3 050	121	192	1 026	1 010	708	700	11 668	12 368	13 110				
Other expenditure	8 096	7 056	6 062	10 256	9 096	14 056	2 086	3 056	4 065	5 013	6 061	6 256	81 159	92 424	98 361				
Cash Payments by Type	61 936	65 949	62 353	69 231	69 920	102 968	55 084	52 033	62 661	61 982	61 575	82 896	808 588	865 345	921 702				
Other Cash Flows/Payments by Type																			
Capital assets	47 439	39 979	53 721	41 030	54 135	81 107	24 023	34 387	45 086	49 054	49 305	50 930	570 196	248 894	186 963				
Repayment of borrowing												—							
Other Cash Flows/Payments												—							
Total Cash Payments by Type	109 375	105 928	116 074	110 261	124 055	184 075	79 107	86 420	107 747	111 036	110 880	133 826	1 378 784	1 114 239	1 108 665				
NET INCREASE/(DECREASE) IN CASH HELD	59 935	(103 289)	(107 244)	(98 767)	66 450	(170 264)	(75 652)	(78 705)	73 020	(103 603)	(96 279)	582 615	(51 785)	190 563	279 440				
Cash/cash equivalents at the month/year begin	125 763	185 698	82 409	(24 836)	(123 603)	(57 153)	(227 418)	(303 070)	(381 775)	(308 755)	(412 359)	(508 637)	125 763	73 978	264 541	543 981			
Cash/cash equivalents at the month/year end	185 698	82 409	(24 836)	(123 603)	(57 153)	(227 418)	(303 070)	(381 775)	(308 755)	(412 359)	(508 637)	73 978	73 978	264 541	543 981				

## 2.10 Annual budgets and SDBIPs – internal departments

### 2.10.1 Water Services Department – Vote 14

The department consists of water and sanitation services and, they are primarily responsible for the distribution of potable water within the municipal boundary, which includes the purification of raw water, maintenance of the reticulation network, maintenance of boreholes, installation of water meters, maintenance of sewer system, reticulation, and implementation of the departmental capital programme. Currently the Water services Department is operating at a loss, as we compare the water revenue billing and water operational expenditures. The difference between water sales and bulk water purchase from Rand Water shows a huge difference.

**Table 47 Water Services Department - operating revenue by source, operational expenditure and capital expenditure**

WATER SERVICES REVENUE ND EXPENDITURE FORECASTS											
Vote Description R thousand	Ref	2013/14	2014/15	2015/16	Current Year 2016/17			2017/18 Medium Term Revenue & Budget Year 2017/18			
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year +1 2018/19	Budget Year +2 2019/20		
Revenue by Vote	1										
0											
Vote 10 - Dept 015 - Municipal		37 000	26 885	39 091	44 248	51 668	51 668	59 636	61 691	66 108	
0											
Water Basic Residential	2	9	5	5	10 000	10 000	10 000	10 700	11 449	12 250	
Water Basic Government											
Water Basic Business											
Fixed Charge Residential					6 720	6 720	6 720	8 532	7 409	7 762	
Water Rebate 6KL Free	(496)	(432)	(523)		(593)	(1 173)	(1 173)	(622)	(653)		
Water Consumption Business	26 561	24 175	22 570	26 474	34 474	34 474	39 259	41 615	44 111		
Water Consumption Government											
Water Consumption Residential											
Water Connection Business	17	11	19	1 383	1 383	1 383	1 466	1 554	1 647		
Water Connection Government											
Water Connection Resident	81	55	70	234	234	234	249	263	279		
Reconnection Fee	107	9	5	25	25	25	26	28	29		
Meter Maintenance	1			4	4	4	26	28	29		
DWAF Refurbishment Grant	10 728	3 059	16 941								
0											
0											
Vote 13 - Dept 018 - Municipal	2 287	3 052	3 070	3 223	3 223	3 223	6 831	7 241	7 676		
0											
Basic Charges Sewer	2 274	3 046	3 067	3 200	3 200	3 200	3 392	3 596	3 811		
Sewerage Rebate 6KL Free	(2)	(1)	(2)	(54)	(54)	(54)	(57)	(61)	(64)		
Sewerage Blockage Fee	5	3	1	10	10	10	10	11	12		
Sewer Connection Resident	10	4	4	10	10	10	650	689	730		
Sewer Business							1 235	1 309	1 388		
Sewer Government							1 540	1 632	1 730		
Honey Sucker Services( sucking of sludge)				58	58	58	61	65	69		
0											
Total Revenue by Vote	2	39 287	29 937	42 162	47 471	54 891	54 891	66 467	68 933	73 783	

WATER SERVICES REVENUE AND EXPENDITURE FORECASTS										
Vote Description	Ref	2013/14	2014/15	2015/16	Current Year 2016/17			2017/18 Medium Term Revenue & Expenditure		
R thousand		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
<u>Expenditure by Vote</u>	1								-	-
Vote 10 - Dept 015 - Municipal		184 394	222 458	226 115	203 234	233 784	233 784	312 325	331 906	352 721
0										
Infrastructure Boreholes		31 765	3 073	13 660	7 500	6 700	6 700	2 300	2 461	2 633
Repairs of boreholes								1 350	1 445	1 546
Re-drilling of boreholes								1 250	1 338	1 431
Purchase of pumps, motors and panels								235	251	269
Fixing of rods										
Infrastructure Water Reticulation		1 511	1 611	(3 199)	2 881	6 881	6 881	2 578	2 733	2 897
Purchase of materials, pipes, valves, flow meters										
excavation of trenches										
construction of manholes										
Repairs and maintenance										
DWAF Refurbishment		8 061	2 662	3 808						
DWAF Maintenance Repa		2 170	2 973	181						
Bulk Water Purchase		133 067	208 977	206 125	185 000	215 000	215 000	223 000	236 380	250 563
Stores and Materials		186	192	1 372	1 027	1 027	1 027	1 089	1 154	1 223
Equipment and Loose Tools		198	348	103	249	249	249	264	280	297
Free Basic Water		5 261	1 696	425	2 100	500	500	530	562	596
Transfer to BBR Water Boa					-	-	-	-	-	-
Development of Policies					-	-	-	-	-	-
Water quality management		1 456	4	70	428	228	228	242	257	272
Linking of bulk water Reticulation					-	-	-	-	-	-
Water Fleet Services		65	564	-	-	-	-	-	-	-
Reticulation Infrastructure Mainten		67		192	-	-	-	-	-	-
Maintenance & Repairs of WTW		364	202	604	748	398	398	422	448	475
Maintenance & Repairs of Water S		225	155	2 774	3 300	2 800	2 800			
Salaries								55 150	59 011	63 141
Overtime								283	303	324
BONUS (13TH CHEQUE)								4 500	4 815	5 152
PERFORMANCE REWARD								975	1 043	1 116
Leave								125	134	143
Housing								400	428	458
Travel (Car) Allowances								693	742	793
SKILLS DEV. LEVY									-	-
TEMPORARY WORKERS									-	-
Pensions								10 368	11 094	11 870
Unemployment Insurance								241	258	276
Medical Aid								968	1 036	1 108
Standby Allowance								401	429	459
Shift Allowance								3 600	3 852	4 122
Subsistence & Travelling								85	91	97
Relocation Expenses								15	16	17
Learnership Programme									-	-
Long Service Bonus								1 260	1 348	1 443

WATER SERVICES REVENUE ND EXPENDITURE FORECASTS									
Vote Description	2013/14	2014/15	2015/16	Current Year 2016/17			2017/18 Medium Term Revenue & Expenditure		
R thousand	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
<u>Expenditure by Vote</u>								-	-
Vote 13 - Dept 018 - Municipal Works - Sewerage 0	15 644	5 886	1 951	6 446	2 946	2 946	8 018	8 541	9 054
Infrastructure Sewerage Repairs and Maintenance	1 632	5 886	1 382	6 300	2 800	2 800	1 532	1 624	1 721
Maintenance & Repairs of Water Sewerage Works	14 012	-	570	146	146	146	2 100	2 226	2 360
Free Basic Sanitation							155	164	174
Salaries							2 300	2 461	2 609
Overtime							-	-	-
BONUS (13TH CHEQUE)							189	202	214
PERFORMANCE REWARD							45	48	51
Leave							39	42	44
Housing							11	12	12
Travel (Car) Allowances							652	698	739
SKILLS DEV. LEVY							12	13	14
TEMPORARY WORKERS							689	737	781
Pensions							12	13	14
Unemployment Insurance							165	177	187
Medical Aid							85	91	96
Standby Allowance							5	5	6
Shift Allowance							27	29	31
Subsistence & Travelling								-	-
Relocation Expenses								-	-
Learnership Programme								-	-
Long Service Bonus								-	-
Total Expenditure by Vote	200 039	228 343	228 066	209 681	236 731	236 731	320 342	340 447	361 775
Surplus/(Deficit) for the year	(160 751)	(198 407)	(185 904)	(162 209)	(181 839)	(181 839)	(253 875)	(271 515)	(287 992)

Water Services also consists of staff that were seconded to the municipality by Department of Water Affairs (DWA). There is currently none unfilled positions in the top management structure of the Water Services Department. The top management structure will consist of the Managers followed by technicians and other lower posts staff. As part of the performance objectives for the 2017/18 financial year, the expansion of the functional water demand management unit will require an amendment to the departmental organogram and the subsequent filling of vacancies.

Currently it is clear that the unit is running at a huge loss, when comparing the revenue generation and operational expenditure, with a deficit of R 253 million that need to be funded by Equitable share.

### **Capital Allocations in terms of DoRA for 2016/17**

The water and sanitation capital projects will be funded by the grants as follows:

<b>GRANTS</b>	<b>AMOUNT</b>
MIG	R 343 000 000
WSIG	R 110 000 000
RBIG	R 3 000 000
Own Revenue (EQ)	R 3 000 000
<b>TOTAL</b>	<b>R 459 000 000</b>

Significant capital projects to be undertaken over the medium term includes, amongst others:

- Water treatment works – R 0 million;
- Bulk supply and backlog eradication of water -- R 3 million;
- Water reticulation and meter connections – R 431 million;
- Water tankers -- R 3 million;
- Sewerage plant -- R 7 million;
- Basic sanitation -- R 5 million;
- Sewer pipeline -- R 10 million;

The departmental strategy is ensuring the economic value and useful life of the water reticulation network and infrastructure is maintained. To this end, the medium-term expenditure framework provides for operational repairs and maintenance of R10.1 million, R10.7 million and R10.8 million in each of the respective financial years of the MTREF.

The departmental revenue base is primarily informed by the sale of water of which budget appropriation for the 2017/18 financial year is R51 million and will be informed by a collection rate of 30 per cent, which will amount to R 15.3 million, and distribution losses of over 50 per cent.

The reduction of distribution losses is considered a priority and hence the departmental objectives and targets provide for a 1 per cent efficiency gain per annum.

### **2.11 Contracts having future budgetary implications**

In terms of the Municipality's Supply Chain Management Policy, no contracts are awarded beyond the medium-term revenue and expenditure framework (three years). In ensuring adherence to this contractual time frame limitation, all reports submitted to either the Bid Evaluation and Adjudication Committees must obtain formal financial comments from the Financial Management Division of the Treasury Department.

### **2.12 Capital expenditure details**

The following three tables present details of the Municipality's capital expenditure programme, firstly on new assets, then the renewal of assets and finally on the repair and maintenance of assets.

**Table 48 MBRR SA 34a - Capital expenditure on new assets by asset class**

MP325 Bushbuckridge - Supporting Table SA34a Capital expenditure on new assets by asset class										
Description	Ref	2013/14	2014/15	2015/16	Current Year 2016/17			2017/18 Medium Term Revenue &		
R thousand	1	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
<b>Capital expenditure on new assets by Asset Class/Sub-class</b>										
<b>Infrastructure</b>		366 077	281 959	618 835	596 486	556 165	556 165	515 380	230 775	168 500
Roads Infrastructure		145 094	110 856	105 215	77 350	90 895	90 895	31 380	7 700	—
<i>Roads</i>		145 094	110 856	105 215	77 350	90 895	90 895	31 380	7 700	—
<i>Road Structures</i>										
<i>Road Furniture</i>										
<i>Capital Spares</i>										
Storm water Infrastructure		—	—	—	—	—	—	1 500	1 575	—
<i>Drainage Collection</i>										
<i>Storm water Conveyance</i>								1 500	1 575	—
<i>Attenuation</i>										
Electrical Infrastructure		—	—	—	—	—	—	800	—	—
<i>Power Plants</i>										
<i>HV Substations</i>										
<i>HV Switching Station</i>										
<i>HV Transmission Conductors</i>										
<i>MV Substations</i>										
<i>MV Switching Stations</i>										
<i>MV Networks</i>										
<i>LV Networks</i>										
<i>Capital Spares</i>								800	—	—
Water Supply Infrastructure		187 681	152 835	500 070	458 936	438 070	438 070	434 000	161 500	127 500
<i>Dams and Weirs</i>										
<i>Boreholes</i>										
<i>Reservoirs</i>										
<i>Pump Stations</i>										
<i>Water Treatment Works</i>										
<i>Bulk Mains</i>										
<i>Distribution</i>		187 681	152 835	500 070	458 936	438 070	438 070	434 000	161 500	127 500
<i>Distribution Points</i>										
<i>PRV Stations</i>										
<i>Capital Spares</i>										
Sanitation Infrastructure		33 302	18 267	13 549	60 200	27 200	27 200	22 200	40 000	—
<i>Pump Station</i>										
<i>Reticulation</i>								—	20 000	—
<i>Waste Water Treatment Works</i>		33 302	18 267	13 549	60 200	27 200	27 200	17 200	15 000	—
<i>Outfall Sewers</i>								5 000	5 000	—
<i>Toilet Facilities</i>										
<i>Capital Spares</i>										
Solid Waste Infrastructure		—	—	—	—	—	—	25 500	20 000	41 000
<i>Landfill Sites</i>								25 500	20 000	41 000
<i>Waste Transfer Stations</i>										
<i>Waste Processing Facilities</i>										
<i>Waste Drop-off Points</i>										
<i>Waste Separation Facilities</i>										
<i>Electricity Generation Facilities</i>										
<i>Capital Spares</i>										
<i>Capital Spares</i>										

MP325 Bushbuckridge - Supporting Table SA34a Capital expenditure on new assets by asset class										
Description	Ref	2013/14	2014/15	2015/16	Current Year 2016/17			2017/18 Medium Term Revenue & Expenditure		
R thousand	1	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
<b>Capital expenditure on new assets by Asset Class/Sub-class</b>										
<b>Community Assets</b>		1 675	4 706	1 251	38 405	3 205	3 205	13 900	-	-
Community Facilities		-	-	-	-	-	-	-	-	-
Halls										
Centres										
Crèches										
Clinics/Care Centres										
Fire/Ambulance Stations										
Testing Stations										
Museums										
Galleries										
Theatres										
Libraries										
Cemeteries/Crematoria										
Police										
Parks										
Public Open Space										
Nature Reserves										
Public Ablution Facilities										
Markets										
Stalls										
Abattoirs										
Airports										
Taxi Ranks/Bus Terminals										
Capital Spares										
Sport and Recreation Facilities		1 675	4 706	1 251	38 405	3 205	3 205	13 900	-	-
Indoor Facilities										
Outdoor Facilities		1 675	4 706	1 251	38 405	3 205	3 205	13 900	-	-
Capital Spares										
<b>Other assets</b>		-	-	-	17 900	14 900	14 900	7 500	-	-
Operational Buildings		-	-	-	17 900	14 900	14 900	7 500	-	-
Municipal Offices		-	-	-	17 900	14 900	14 900	7 500	-	-
Pay/Enquiry Points										
Capital Spares										
<b>Biological or Cultivated Assets</b>		-	-	-	-	-	-	-	-	-
Biological or Cultivated Assets										
<b>Intangible Assets</b>		-	-	-	-	-	-	-	-	-
Servitudes										
Licences and Rights		-	-	-	-	-	-	-	-	-
Water Rights										
<b>Computer Equipment</b>		410	867	373	1 000	1 000	1 000	451	60	-
Computer Equipment		410	867	373	1 000	1 000	1 000	451	60	-
<b>Furniture and Office Equipment</b>		194	292	279	850	1 250	1 250	1 135	-	-
Furniture and Office Equipment		194	292	279	850	1 250	1 250	1 135	-	-
<b>Machinery and Equipment</b>		-	-	-	-	-	-	-	-	-
Machinery and Equipment										
<b>Transport Assets</b>		5 720	3 964	10 000	16 900	8 100	8 100	6 900	11 300	13 200
Transport Assets		5 720	3 964	10 000	16 900	8 100	8 100	6 900	11 300	13 200
<b>Libraries</b>		-	-	-	-	-	-	-	-	-
Libraries										
<b>Zoo's, Marine and Non-biological Assets</b>		-	-	-	-	-	-	-	-	-
Zoo's, Marine and Non-biological Animals										
<b>Total Capital Expenditure on Assets</b>	1	374 075	291 788	630 738	671 541	584 620	584 620	545 266	242 135	181 700

**Table 49 MBRR SA34b - Capital expenditure on the renewal of existing assets by asset class**

NONE

**Table 50 MBRR SA34c - Repairs and maintenance expenditure by asset class**

MP325 Bushbuckridge - Supporting Table SA34c Repairs and maintenance expenditure by asset class										
Description	Ref	2013/14	2014/15	2015/16	Current Year 2016/17			2017/18 Medium Term	Revenue & Term	
R thousand	1	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
<b>Repairs and maintenance expenditure by Asset Class/Sub-class</b>										
Infrastructure		48 848	20 961	26 828	32 627	26 727	26 727	19 664	19 290	20 525
Roads Infrastructure		2 669	3 742	5 524	9 935	5 185	5 185	3 410	2 699	2 884
Roads		2 669	3 742	5 524	9 935	5 185	5 185	3 410	2 699	2 884
Road Structures										
Road Furniture										
Capital Spares										
Storm water Infrastructure		-	-	-	-	-	-	-	-	-
Drainage Collection										
Storm water Conveyance										
Attenuation										
Electrical Infrastructure		-	116	427	686	686	686	2 498	1 959	2 076
Power Plants		-	116	427	686	686	686			
HV Substations										
HV Switching Station										
HV Transmission Conductors										
MV Substations										
MV Switching Stations										
MV Networks										
LV Networks										
Capital Spares								2 498	1 959	2 076
Water Supply Infrastructure		44 546	11 217	19 495	15 706	18 056	18 056	10 124	10 782	11 484
Dams and Weirs										
Boreholes								5 770	6 168	6 593
Reservoirs										
Pump Stations										
Water Treatment Works								422	448	475
Bulk Mains										
Distribution		44 546	11 217	19 495	15 706	18 056	18 056	2 578	2 733	2 897
Distribution Points										
PRV Stations										
Capital Spares								1 353	1 434	1 520
Sanitation Infrastructure		1 632	5 886	1 382	6 300	2 800	2 800	3 632	3 850	4 081
Pump Station										
Reticulation										
Waste Water Treatment Works		1 632	5 886	1 382	6 300	2 800	2 800	3 632	3 850	4 081
Outfall Sewers										
Toilet Facilities										
Capital Spares										
MV Substations										
LV Networks										
Capital Spares										

**Table 51 MBRR SA35 - Future financial implications of the capital budget**

MP325 Bushbuckridge - Supporting Table SA35 Future financial implications of the capital budget							
Vote Description R thousand	Ref	2017/18 Medium Term Revenue &			Forecasts		
		Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20	Forecast 2020/21	Forecast 2021/22	Forecast 2022/23
<b>Capital expenditure</b>	1						
Vote 1 - Dept 001 - Budget & Treasury Office		1 452	—	—	—	—	—
Vote 2 - Dept 002 - Corporate Services		1 620	451	693	735	779	825
Vote 3 - Dept 005 - Economic Development, Planning & Environment		37 603	20 000	41 000	43 460	46 068	48 832
Vote 4 - Dept 006- Community Support Services		1 000	2 500	—	—	—	—
Vote 5 - Dept 008 - Office of the Municipal Manager		65	68	70	75	79	84
Vote 6 - Dept 009 - Office of the Speaker		96	—	—	—	—	—
Vote 7 - Dept 010 - Office of the Mayor		—	—	—	—	—	—
Vote 8 - Dept 013 - Community Support Services - Transport		2 280	2 300	2 200	2 332	2 472	2 620
Vote 9 - Dept 014 - Municipal Works - Public Works		800	—	—	—	—	—
Vote 10 - Dept 015 - Municipal Works - Water		437 000	170 500	138 500	146 810	155 619	164 956
Vote 11 - Det 016 - Municipal Works - Roads		32 880	9 275	—	—	—	—
Vote 12 - Dept 017 - EDPE - Refuse		1 800	3 800	4 500	4 770	5 056	5 360
Vote 13 - Dept 018 - Municipal Works - Sewerage		22 200	40 000	—	—	—	—
Vote 14 - Dapt 020 - Municipal Works - PMU		31 400	—	—	—	—	—
0		—	—	—	—	—	—
<i>List entity summary if applicable</i>							
<b>Total Capital Expenditure</b>		<b>570 196</b>	<b>248 894</b>	<b>186 963</b>	<b>198 181</b>	<b>210 072</b>	<b>222 676</b>
							<b>236 037</b>
<b>Future operational costs by vote</b>	2						
Vote 1 - Dept 001 - Budget & Treasury Office		252 321	276 465	290 397	307 821	326 290	345 868
Vote 2 - Dept 002 - Corporate Services		115 758	123 438	47 605	50 461	53 489	56 698
Vote 3 - Dept 005 - Economic Development, Planning & Environment		27 279	29 080	31 011	32 872	34 844	36 935
Vote 4 - Dept 006- Community Support Services		106 408	113 305	120 798	128 046	135 729	143 872
Vote 5 - Dept 008 - Office of the Municipal Manager		32 320	34 852	37 582	39 837	42 227	44 761
Vote 6 - Dept 009 - Office of the Speaker		35 041	37 143	39 372	41 734	44 238	46 893
Vote 7 - Dept 010 - Office of the Mayor		2 341	2 478	2 623	2 780	2 947	3 124
Vote 8 - Dept 013 - Community Support Services - Transport		17 528	18 681	19 910	21 104	22 370	23 713
Vote 9 - Dept 014 - Municipal Works - Public Works		41 550	38 137	40 514	42 945	45 521	48 253
Vote 10 - Dept 015 - Municipal Works - Water		312 325	331 906	352 721	373 885	396 318	420 097
Vote 11 - Det 016 - Municipal Works - Roads		50 176	52 738	56 426	59 812	63 401	67 205
Vote 12 - Dept 017 - EDPE - Refuse		6 468	6 856	7 267	7 703	8 165	8 655
Vote 13 - Dept 018 - Municipal Works - Sewerage		8 018	8 541	9 054	9 597	10 173	10 783
Vote 14 - Dapt 020 - Municipal Works - PMU		5 252	5 567	5 901	6 255	6 631	7 028
0		—	—	—	—	—	—
<i>List entity summary if applicable</i>							
<b>Total future operational costs</b>		<b>1 012 784</b>	<b>1 079 187</b>	<b>1 061 182</b>	<b>1 124 853</b>	<b>1 192 344</b>	<b>1 263 884</b>
							<b>1 339 717</b>
<b>Future revenue by source</b>	3						
Property rates		194 789	206 477	218 665	231 785	245 692	260 433
Service charges - electricity revenue		—	—	—	—	—	—
Service charges - water revenue		51 104	54 283	58 346	61 847	65 558	69 491
Service charges - sanitation revenue		4 114	4 360	4 622	4 899	5 193	5 505
Service charges - refuse revenue		7 450	6 744	7 187	7 618	8 075	8 560
Service charges - other		—	—	—	—	—	—
Rental of facilities and equipment		1 244	1 319	1 398	1 482	1 571	1 665
<i>List other revenues sources if applicable</i>							
<i>List entity summary if applicable</i>							
<b>Total future revenue</b>		<b>267 752</b>	<b>282 814</b>	<b>300 477</b>	<b>318 506</b>	<b>337 616</b>	<b>357 873</b>
<b>Net Financial Implications</b>		<b>1 315 228</b>	<b>1 045 266</b>	<b>947 668</b>	<b>1 004 528</b>	<b>1 064 800</b>	<b>1 128 688</b>
							<b>1 196 409</b>

**Table 52 MBRR SA36 - Detailed capital budget per municipal vote**

MP325 Bushbuckridge - Supporting Table SA36 Detailed capital budget		Project number	IDP Goal code	Individually Approved	Asset Class	Asset Sub-Class	G PS	Total Project Estimate	Prior year outcomes		2017/18 Medium Term Revenue & Expenditure Framework		
R thousand	Ref								Audited Outcome 2015/16	Current Year 2016/17 Full Year	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
Parent municipality:													
List all capital projects grouped by Municipal Vote													
Vote 1 - Dept 001 - Budget & Treasury Of Computers, Office furniture and Eq				Yes	Furniture and Office Equipment	Unspecified	3 500	-	-	1 452	-	-	
Vote 2 - Dept 002 - Corporate Services	4			Yes	Furniture and Office Equipment		47 500	8 619	16 650	1 620	451	693	
Vote 3 - Dept 005 - Economic Development, Planning & Environmental				Yes			85 000	4 814	20 550	37 603	20 000	41 000	
Vote 4 - Dept 006- Community Support Services				Yes			9 800	1 814	1 920	1 000	2 500	-	
Vote 5 - Dept 008 - Office of the Municipal Manager				Yes	Furniture and Office Equipment	Unspecified	1 100	-	-	65	68	70	
Vote 6 - Dept 009 - Office of the Speaker				Yes	Computer Equipment	puter Software and Applications	850	-	-	96	-	-	
Vote 7 - Dept 010 - Office of the Mayor				Yes			-	-	-	-	-	-	
Vote 8 - Dept 013 - Community Support Services - Traffic				Yes			6 500	-	-	2 280	2 300	2 200	
Vote 9 - Dept 014 - Municipal Works - Public Works				Yes	Electrical Infrastructure	Reticulation	29 800	4 637	5 000	800	-	-	
Vote 10 - Dept 015 - Municipal Works - Water				Yes	Water Supply Infrastructure	Distribution	1 202 000	500 070	438 070	437 000	170 500	138 500	
Vote 11 - Det 016 - Municipal Works - Roads				Yes	Roads Infrastructure	Roads	1 425 000	105 215	90 895	32 880	9 275	-	
Vote 12 - Dept 017 - EDPE - Refuse				Yes	Solid Waste Infrastructure	Waste Separation Facilities	98 500	-	3 300	1 800	3 800	4 500	
Vote 13 - Dept 018 - Municipal Works - Sewerage				Yes	Sanitation Infrastructure	aste Water Treatment Works	125 000	13 549	27 200	22 200	40 000	-	
Vote 14 - Dapt 020 - Municipal Works - PMU				Yes			169 800	11 679	27 260	31 400	-	-	
Parent Capital expenditure	1									570 196	248 894	186 963	

**Table 53 MBRR SA37 - Projects delayed from previous financial year**

MP325 Bushbuckridge - Supporting Table SA37 Projects delayed from previous financial year/s							Previous target year to complete	Current Year 2014/15		2015/16 Medium Term Revenue &		
Municipal Vote/Capital project	Ref.	Project name	Project number	Asset Class 3	Asset Sub-Class 3	GPS co-ordinates 4		Original Budget	Full Year Forecast	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
R thousand	1,2						Year					
Parent municipality:												
List all capital projects grouped by Municipal Vote				Examples		Examples						
Vote 3 - Dept 005 - Economic Development, PL		formalisation / Land tenure different areas		Other Assets	Other Land		2015	12 619	1 500	5 500	5 450	8 000
Vote 10 - Dept 015 - Municipal Works - Water		Water reticulations in different areas		Infrastructure - Water	Transmission & Reticulation		2015	87 000	-	47 000	169 000	22 000
Vote 13 - Dept 018 - Municipal Works - Sewerage		Rural sanitation projects / VIP Toilets		Infrastructure - Sanitation	Waste Management		2015	1 000	-			

## 2.13 Legislation compliance status

Compliance with the MFMA implementation requirements have been substantially adhered to through the following activities:

1. In year reporting  
Reporting to National Treasury in electronic format was fully complied with on a monthly basis. Section 71 reporting to the Executive Mayor (within 10 working days) has progressively improved and includes monthly published financial performance on the Municipality's website.
2. Internship programme  
The Municipality is participating in the Municipal Financial Management Internship programme and has employed six interns undergoing training in various divisions of the Financial Services Department.
3. Budget and Treasury Office  
The Budget and Treasury Office has been fully established in accordance with the MFMA, and a new unit was added under finance and will be responsible for AFS preparations and audit readiness.
4. Audit Committee  
An Audit Committee has been established and is fully functional.
5. Service Delivery and Implementation Plan  
The detail SDBIP document will be finalised and be directly aligned and informed by the 2017/18 MTREF.
6. Annual Report  
Annual report is compiled in terms of the MFMA and National Treasury requirements.
7. Policies  
An amendment of the Municipal Property Rates Regulations as published in Government Notice 363 of 27 March 2009, was announced in Government Gazette 33016 on 12 March 2010. The ratios as prescribed in the Regulations have been complied with.

## 2.14 Other supporting documents

Table 54 MBRR Table SA1 - Supporting detail to budgeted financial performance

MP325 Bushbuckridge - Supporting Table SA1 Supporting detail to 'Budgeted Financial Performance'										
Description	Ref	2013/14	2014/15	2015/16	Current Year 2016/17			2017/18 Medium Term Revenue & Expenditure		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
R thousand										
<b>REVENUE ITEMS:</b>										
<b>Property rates</b>	6									
Total Property Rates		59 345	165 184	173 894	185 814	185 814	185 814	200 952	213 009	225 790
less Revenue Foregone (exemptions, reductions and rebates and impermissible values in excess of section 17 of MPRA)		3 544	4 934	5 401	5 814	5 814	5 814	6 163	6 533	7 125
Net Property Rates		55 801	160 250	168 493	180 000	180 000	180 000	194 789	206 477	218 665
<b>Service charges - electricity revenue</b>	6									
Total Service charges - electricity revenue										
less Revenue Foregone (in excess of 50 kwh per indigent household per month)										
less Cost of Free Basis Services (50 kwh per indigent household per month)		-	-	-	-	-	-	-	-	-
Net Service charges - electricity revenue		-	-	-	-	-	-	-	-	-
<b>Service charges - water revenue</b>	6									
Total Service charges - water revenue		26 769	24 258	22 669	38 121	46 121	46 121	51 726	54 936	58 346
less Revenue Foregone (in excess of 6 kilolitres per indigent household per month)		496	432	523	593	1 173	1 173	622	653	
less Cost of Free Basis Services (6 kilolitres per indigent household per month)		-	-	-	-	-	-	-	-	-
Net Service charges - water revenue		26 272	23 826	22 146	37 528	44 948	44 948	51 104	54 283	58 346
<b>Service charges - sanitation revenue</b>										
Total Service charges - sanitation revenue		2 288	3 053	3 072	3 277	3 277	3 277	4 114	4 360	4 622
less Revenue Foregone (in excess of free sanitation service to indigent households)		2	1	2						
less Cost of Free Basis Services (free sanitation service to indigent households)		-	-	-	-	-	-	-	-	-
Net Service charges - sanitation revenue		2 287	3 052	3 070	3 277	3 277	3 277	4 114	4 360	4 622
<b>Service charges - refuse revenue</b>	6									
Total refuse removal revenue		4 391	5 865	5 993	6 492	7 992	7 992	7 450	6 744	7 187
Total landfill revenue										
less Revenue Foregone (in excess of one removal a week to indigent households)										
less Cost of Free Basis Services (removed once a week to indigent households)		-	-	-	-	-	-	-	-	-
Net Service charges - refuse revenue		4 391	5 865	5 993	6 492	7 992	7 992	7 450	6 744	7 187
<b>Other Revenue by source</b>										
Fuel Levy										
Other Revenue										
Plans approvals, Business & Residential		81	66	37	536	536	536	562	590	632
Purchase Instalments & Database Registration		20	76	7	84	84	84	88	93	89
Rumble removal & Sundry income		5 576	1 517	752	269	269	269	285	303	321
Tender Documents		757	51	616	477	677	677	506	536	568
Disposal of containers and Site Transfer fee		238	44	156	117	117	117	124	131	139
Photocopies, Proof of Residence & Admin Fee		453	385	1 006	731	1 081	1 081	1 217	1 290	1 368
Amendment of Names, Cemetery, Bond fee, reconnection fee		788	1 531	98	115	115	115	122	130	137
library membership fee and fines			6	10	22	22	22	23	24	25
EDPE Other revenue		177	325	552	859	859	859	6 124	6 536	6 981
Total 'Other' Revenue	3	8 091	4 001	3 234	3 210	3 760	3 760	9 051	9 632	10 259

Tender Documents	757	51	616	477	677	677	506	536	568		
Disposal of containers and Site Transfer fee	238	44	156	117	117	117	124	131	139		
Photocopies, Proof of Residence &Admin Fee	453	385	1 006	731	1 081	1 081	1 217	1 290	1 368		
Amendment of Names, Cemetery , Bond fee, reconnection fee	788	1 531	98	115	115	115	122	130	137		
library membership fee and fines	6	10	22	22	22	22	23	24	25		
EDPE Other revenue	177	325	552	859	859	859	6 124	6 536	6 981		
	3										
Total 'Other' Revenue	1	8 091	4 001	3 234	3 210	3 760	3 760	9 051	9 632	10 259	
<b>EXPENDITURE ITEMS:</b>											
<u>Employee related costs</u>											
Basic Salaries and Wages	2	160 367	198 858	216 381	225 000	240 000	240 000	253 950	271 674	290 610	
Pension and UIF Contributions		28 398	35 697	42 733	42 886	47 086	47 086	54 410	58 197	62 240	
Medical Aid Contributions		8 571	10 039	11 637	11 700	13 200	13 200	14 049	15 027	16 072	
Overtime		3 262	2 604	3 269	2 300	2 300	2 300	2 157	2 307	2 468	
Performance Bonus		–	–	–	3 000	3 000	3 000	3 476	3 718	3 976	
Motor Vehicle Allowance		5 777	6 189	9 530	13 000	15 500	15 500	16 742	17 903	19 137	
Cellphone Allowance		2 367	2 269	2 158	2 950	750	750	811	867	927	
Housing Allowances		16 028	23 522	33 560	28 494	31 414	31 414	32 783	35 073	37 519	
Other benefits and allowances		–	–	(268)	820	820	820	962	1 028	1 098	
Payments in lieu of leave		–	–	7 979	8 000	1 500	1 500	2 188	2 340	2 503	
Long service awards		–	–								
Post-retirement benefit obligations	4										
	sub-total	5	224 770	281 150	326 980	338 150	355 570	355 570	381 527	408 133	436 550
<u>Less: Employees costs capitalised to PPE</u>											
Total Employee related costs	1	224 770	281 150	326 980	338 150	355 570	355 570	381 527	408 133	436 550	
<u>Contributions recognised - capital</u>											
<i>List contributions by contract</i>											
Total Contributions recognised - capital		–	–	–	–	–	–	–	–	–	
<u>Depreciation &amp; asset impairment</u>											
Depreciation of Property, Plant & Equipment		68 393	76 511	76 866	45 150	70 150	70 150	72 000	74 500	77 500	
Lease amortisation											
Capital asset impairment											
Depreciation resulting from revaluation of PPE	10										
Total Depreciation & asset impairment	1	68 393	76 511	76 866	45 150	70 150	70 150	72 000	74 500	77 500	
<u>Bulk purchases</u>											
Electricity Bulk Purchases											
Water Bulk Purchases		133 067	208 977	206 125	185 000	215 000	215 000	223 000	236 380	250 563	
Total bulk purchases	1	133 067	208 977	206 125	185 000	215 000	215 000	223 000	236 380	250 563	
<u>Transfers and grants</u>											

MP325 Bushbuckridge - Supporting Table SA1 Supporting detail to 'Budgeted Financial Performance'											
Description	Ref	2012/13	2013/14	2014/15	Current Year 2015/16			2016/17	Medium Term	Revenue &	
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19	
<b>R thousand</b>											
<b>EXPENDITURE ITEMS:</b>											
<b>Employee related costs</b>											
Basic Salaries and Wages	2	132 411	153 986	198 858	200 351	210 351	210 351	222 000	233 100	244 755	
Pension and UIF Contributions		25 301	28 399	35 697	38 500	41 500	41 500	42 886	45 030	47 282	
Medical Aid Contributions		7 344	8 571	10 039	8 910	11 310	11 310	11 700	12 285	12 899	
Overtime		1 957	3 261	2 604	1 760	1 760	1 760	1 800	1 890	1 985	
Performance Bonus		–	–	–	1 870	3 870	3 870	3 000	3 150	3 308	
Motor Vehicle Allowance		8 155	5 776	6 189	10 120	12 620	12 620	13 000	13 650	14 333	
Cellphone Allowance		–	–	–	–	–	–	–	–	–	
Housing Allowances		2 560	2 367	2 269	2 809	2 809	2 809	2 950	3 068	3 191	
Other benefits and allowances		21 367	16 529	23 522	29 387	29 987	29 987	28 494	29 919	31 415	
Payments in lieu of leave		782	6 224	–	589	789	789	820	853	887	
Long service awards		–	–	1 972	6 000	9 000	9 000	8 000	8 400	8 820	
Post-retirement benefit obligations	4	–	–	–	–	–	–	–	–	–	
<b>sub-total</b>	<b>5</b>	<b>199 878</b>	<b>225 112</b>	<b>281 150</b>	<b>300 295</b>	<b>323 995</b>	<b>323 995</b>	<b>334 650</b>	<b>351 345</b>	<b>368 873</b>	
<b>Less: Employees costs capitalised to PPE</b>											
Total Employee related costs	1	199 878	225 112	281 150	300 295	323 995	323 995	334 650	351 345	368 873	
<b>Contributions recognised - capital</b>											
Total Contributions recognised - capital		–	–	–	–	–	–	–	–	–	
<b>Depreciation &amp; asset impairment</b>											
Depreciation of Property, Plant & Equipment		52 276	68 393	76 511	43 000	43 000	43 000	45 150	47 408	49 778	
Lease amortisation		–	–	–	–	–	–	–	–	–	
Capital asset impairment		–	–	–	–	–	–	–	–	–	
Depreciation resulting from revaluation of PPE	10	–	–	–	–	–	–	–	–	–	
Total Depreciation & asset impairment	1	52 276	68 393	76 511	43 000	43 000	43 000	45 150	47 408	49 778	
<b>Bulk purchases</b>											
Electricity Bulk Purchases		–	–	–	–	–	–	–	–	–	
Water Bulk Purchases		123 289	133 067	208 977	171 820	171 820	171 820	185 000	199 800	215 784	
Total bulk purchases	1	123 289	133 067	208 977	171 820	171 820	171 820	185 000	199 800	215 784	
<b>Transfers and grants</b>											
Cash transfers and grants		47 638	39 454	14 872	23 046	23 046	23 046	11 120	12 587	13 217	
Non-cash transfers and grants		–	–	–	–	–	–	–	–	–	
Total transfers and grants	1	47 638	39 454	14 872	23 046	23 046	23 046	11 120	12 587	13 217	
<b>Contracted services</b>											
List services provided by contract		2 342	–	13	2 000	500	500	525	551	579	
Data Cleansing		–	709	13	–	–	–	525	551	579	
Collection Costs		4 299	5 765	4 780	5 500	4 500	4 500	3 000	4 961	5 209	
Implementation of Pastel system		–	–	–	–	–	–	–	–	–	
Revenue Management		1 638	3 006	723	1 650	1 150	1 150	1 208	1 268	1 331	
Asset Register and verification		–	–	–	–	–	–	–	–	–	
Devolution of Property Rates Expenses		797	1 470	804	1 650	1 150	1 150	1 208	1 268	1 331	
Property Valuation Roll		4 625	4 927	5 267	5 720	6 220	6 220	6 350	6 858	7 200	
Insurance Motor Vehicles Building and stores		9 640	20 808	22 053	22 000	22 000	22 000	23 000	24 255	25 468	
Security Services		293	337	464	451	451	451	474	498	523	
Executive Mayors Security		6 279	9 361	6 033	–	–	–	–	–	–	
PMU Consultant		1 047	711	–	1 100	1 100	1 100	770	785	812	
<b>sub-total</b>	<b>1</b>	<b>30 959</b>	<b>47 093</b>	<b>40 138</b>	<b>40 071</b>	<b>37 071</b>	<b>37 071</b>	<b>37 059</b>	<b>40 995</b>	<b>43 032</b>	
<b>Allocations to organs of state:</b>											
Total contracted services		30 959	47 093	40 138	40 071	37 071	37 071	37 059	40 995	43 032	
<b>Other Expenditure By Type</b>											
Collection costs		–	855	221	1 650	1 650	1 650	855	1 819	1 910	
Contributions to 'other' provisions		–	–	–	–	–	–	–	–	–	
Consultant fees		2 233	2 487	5 661	4 290	4 290	4 290	4 505	4 730	4 966	
Audit fees	3	–	–	–	463	44	44	–	–	–	
General expenses		824	795	1 975	3 585	4 085	4 085	5 889	6 183	6 492	
List Other Expenditure by Type		22 879	24 861	29 928	28 828	28 828	28 828	–	–	–	
Budget & Treasury Operational Expenditures		1 178	1 624	3 009	19 974	16 689	16 689	12 151	12 398	15 446	
Corporate Services Operational Expenses		12 517	2 628	3 489	15 759	16 238	16 238	18 868	21 519	22 774	
EDPE Operational Expenses		694	1 694	1 947	5 426	5 426	5 426	6 950	7 297	7 662	
Community Services Operational Expenses		838	513	672	1 635	1 395	1 395	1 800	1 890	1 984	
Office of the MM Operational Expenses		487	159	472	526	626	626	950	998	1 047	
Office of the Speaker Operational Expenses		3 564	2 641	3 019	7 139	7 385	7 385	6 531	8 100	9 334	
Office of the Mayor Operational Expenses		6 258	7 561	5 609	4 575	5 275	5 275	2 206	2 169	2 278	
Community Support services - Traffic		420	1 456	568	808	408	408	428	450	472	
Municipal Works - Public Works		612	650	594	1 588	888	888	932	979	1 028	
Municipal Works - Water		–	–	–	–	–	–	–	–	–	
Municipal Works - Refuse		–	–	–	–	–	–	–	–	–	
Municipal Works		–	–	–	–	–	–	–	–	–	
<b>Total 'Other' Expenditure</b>	<b>1</b>	<b>52 504</b>	<b>47 923</b>	<b>27 238</b>	<b>97 347</b>	<b>93 228</b>	<b>93 228</b>	<b>62 063</b>	<b>68 532</b>	<b>75 394</b>	
<b>Repairs and Maintenance by Expenditure Item</b>											
Employee related costs	8	–	–	–	–	–	–	–	–	–	
Other materials		39 300	88 528	28 042	40 186	70 928	70 928	–	–	–	
Contracted Services		–	–	–	–	–	–	–	–	–	
Other Expenditure		39 300	88 528	28 042	40 186	70 928	70 928	–	–	–	
<b>Total Repairs and Maintenance Expenditure</b>	<b>9</b>	<b>39 300</b>	<b>88 528</b>	<b>28 042</b>	<b>40 186</b>	<b>70 928</b>	<b>70 928</b>	<b>–</b>	<b>–</b>	<b>–</b>	

**Table 55 MBRR Table SA2 – Matrix financial performance budget (revenue source/expenditure type and department)**

MP325 Bushbuckridge - Supporting Table SA2 Matrix Financial Performance Budget (revenue source/expenditure type and dept.)														Total		
Description	Ref	Vote 1 - Dept 001 - Budget & Treasury	Vote 2 - Dept 002 - Corporate Services	Vote 3 - Dept 005 - Economic Developm	Vote 4 - Dept 006- Community Support	Vote 5 - Dept 008 - Office of the	Vote 6 - Dept 009 - Office of the	Vote 7 - Dept 010 - Office of the Mayor	Vote 8 - Dept 013 - Communit	Vote 9 - Dept 014 - Municipal Works -	Vote 10 - Dept 015 - Municipal Works -	Vote 11 - Dept 016 - Municipal Works -	Vote 12 - Dept 017 - EDPE - Refuse	Vote 13 - Dept 018 - Municipal Works -	Vote 14 - Dapt 020 - Municipal Works -	
R thousand	1															
<b>Revenue By Source</b>																
Property rates		194 789													194 789	
Service charges - electricity revenue															-	
Service charges - water revenue															59 636	
Service charges - sanitation revenue															6 831	
Service charges - refuse revenue															7 450	
Service charges - other															-	
Rental of facilities and equipment															1 279	
Interest earned - external investments		15 010													15 010	
Interest earned - outstanding debtors		55 000													55 000	
Dividends received															-	
Fines, penalties and forfeits															2 766	
Licences and permits															11 473	
Agency services															10 027	
Other revenue			3 676	6 124	106										10 538	
Transfers and subsidies		685 777													685 777	
Gains on disposal of PPE															-	
<b>Total Revenue (excluding capital transfers)</b>		950 576	4 562	6 124	499	-	-	-	24 256	572	59 636	-	7 450	6 831	70	1 060 577
<b>Expenditure By Type</b>																
Employee related costs		42 703	73 390	15 433	63 109	23 117			10 089	8 307	79 064	46 766	5 454	4 231	5 252	376 914
Remuneration of councillors																32 639
Debt impairment		115 788														115 788
Depreciation & asset impairment		72 000														72 000
Finance charges		2 142														2 142
Bulk purchases																223 000
Other materials		250	4 950	450	893				3 618	223 000	9 489	3 410				26 692
Contracted services		9 652	15 358	3 310	27 678	4 720			10 983	530						60 717
Transfers and subsidies																11 910
Other expenditure																-
Loss on disposal of PPE																-
<b>Total Expenditure</b>		242 535	93 698	19 193	91 680	27 837	32 639	-	10 089	22 908	312 083	50 176	5 850	7 863	5 252	921 802
<b>Surplus/(Deficit)</b>		708 042	(89 136)	(13 069)	(91 181)	(27 837)	(32 639)	-	14 167	(22 335)	(252 447)	(50 176)	1 600	(1 032)	(5 182)	138 775
Transfers and subsidies - capital (monetary allocations) (National / (monetary allocations) (National / Transfers and subsidies - capital (in-kind																-
Surplus/(Deficit) after capital transfers & contributions		708 042	(89 136)	(13 069)	(91 181)	(27 837)	(32 639)	-	14 167	(22 335)	(252 447)	(50 176)	1 600	(1 032)	(5 182)	138 775

**Table 56 MBRR Table SA3 – Supporting detail to Statement of Financial Position**

MP325 Bushbuckridge - Supporting Table SA3 Supporting detail to 'Budgeted Financial Position'										
Description	Ref	2013/14	2014/15	2015/16	Current Year 2016/17			2017/18 Medium Term Revenue & Forecast		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
R thousand										
<b>ASSETS</b>										
<b>Call investment deposits</b>										
Call deposits										
Other current investments										
Total Call investment deposits	2	-	-	-	-	-	-	-	-	
<b>Consumer debtors</b>										
Consumer debtors		387 246	1 510 857	1 009 164	1 589 000	1 321 000	1 321 000	1 575 000	1 590 750	1 606 658
Less: Provision for debt impairment		(229 297)	(823 000)	(457 413)	(1 125 000)	(683 000)	(683 000)	(726 514)	(733 779)	(741 117)
Total Consumer debtors	2	157 949	687 857	551 751	464 000	638 000	638 000	848 486	856 971	865 541
<b>Debt impairment provision</b>										
Balance at the beginning of the year			700 000		1 523 000	1 523 000	1 523 000	1 635 412	1 651 766	1 668 284
Contributions to the provision			123 000						-	-
Bad debts written off					(398 000)	(840 000)	(840 000)	(908 898)	(917 987)	(927 167)
Balance at end of year		-	823 000	-	1 125 000	683 000	683 000	726 514	733 779	741 117
<b>Property, plant and equipment (PPE)</b>										
PPE at cost/valuation (ex cl. finance lease)		1 853 438	2 875 202	2 599 878	4 050 962	3 485 712	3 485 712	3 789 652	4 017 031	4 258 053
Leases recognised as PPE	3				863 000	512 000	512 000	635 412	673 537	713 949
Total Property, plant and equipment	2	1 853 438	2 012 202	2 599 878	3 538 962	2 973 712	2 973 712	3 154 240	3 343 494	3 544 104
<b>LIABILITIES</b>										
<b>Current liabilities - Borrowing</b>										
Short term loans (other than bank overdraft)										
Current portion of long-term liabilities										
Total Current liabilities - Borrowing		-	-	-	-	-	-	-	-	
<b>Trade and other payables</b>										
Trade and other creditors		596 800	493 856	542 172	313 000	313 000	313 000	289 512	306 883	325 296
Unspent conditional transfers		4 541	64 767	61 456	25 000	75 000	75 000	112 102	118 828	125 958
VAT										
Total Trade and other payables	2	601 341	558 623	603 628	338 000	388 000	388 000	401 614	425 711	451 253
<b>Non current liabilities - Borrowing</b>										
Borrowing	4									
Finance leases (including PPP asset element)										
Total Non current liabilities - Borrowing		-	-	-	-	-	-	-	-	-
<b>Provisions - non-current</b>										
Retirement benefits										
List other major provision items										
Refuse landfill site rehabilitation		19 560	116 044		17 254	17 254	17 254	18 631	19 935	21 331
Other				39 120	113 000	113 000	113 000	119 812	128 199	137 173
Total Provisions - non-current		19 560	116 044	39 120	130 254	130 254	130 254	138 443	148 134	158 503
<b>CHANGES IN NET ASSETS</b>										
<b>Accumulated Surplus/(Deficit)</b>										
Accumulated Surplus/(Deficit) - opening balance		1 319 189	2 276 171	1 821 187	2 903 254	2 903 254	2 903 254	3 106 482	3 323 936	3 556 611
GRAP adjustments				356 909						
Restated balance		1 319 189	2 276 171	2 178 096	2 903 254	2 903 254	2 903 254	3 106 482	3 323 936	3 556 611
Surplus/(Deficit)		457 611	328 634	482 997	727 770	616 780	616 780	570 050	461 661	487 164
Other adjustments					447 000					
Accumulated Surplus/(Deficit)	1	1 776 800	2 604 805	2 661 094	4 078 024	3 520 034	3 520 034	3 676 532	3 785 596	4 043 775
Total Reserves	2	-	-	-	-	-	-	-	-	-
<b>TOTAL COMMUNITY WEALTH/EQUITY</b>	2	1 776 800	2 604 805	2 661 094	4 078 024	3 520 034	3 520 034	3 676 532	3 785 596	4 043 775

**Table 57 MBRR Table SA9 – Social, economic and demographic statistics and assumptions**

MP325 Bushbuckridge - Supporting Table SA9 Social, economic and demographic statistics and assumptions														
Description of economic indicator Ref.	Basis of calculation	2001 Census	2007 Survey	2011 Census	2011/12 Outcome	2012/13 Outcome	2013/14 Outcome	Current Year 2014/15 Original Budget	2015/16 Medium Term Revenue & Expenditure Framework					
									Outcome	Outcome	Outcome	Outcome	Outcome	Outcome
<u>Demographics</u>														
Population	STATISTICS SA	498	510	541	541	568	597	627	652	678	705			
Females aged 5 - 14	STATISTICS SA	38	39	64	64	67	71	74	77	80	84			
Males aged 5 - 14	STATISTICS SA	39	38	66	66	69	73	76	79	82	86			
Females aged 15 - 34	STATISTICS SA	17	16	107	107	113	118	124	129	134	140			
Males aged 15 - 34	STATISTICS SA	10	11	93	93	97	102	107	112	116	121			
Unemployment	STATISTICS SA	49	67	67	67	71	74	78	81	84	87			
<u>Monthly household income</u>														
1, 12														
No income	STATISTICS SA	49 816	58 816		75 126	78 882	82 826	86 967	88 968	91 014	93 107			
R1 - R1 600	STATISTICS SA	75 814	82 410		95 163	99 921	104 917	110 163	112 697	115 289	117 941			
R1 601 - R3 200	STATISTICS SA	8 162	8 872		10 245	10 757	11 295	11 860	12 133	12 412	12 697			
R3 201 - R6 400	STATISTICS SA	5 395	5 864		6 772	7 110	7 466	7 839	8 020	8 204	8 393			
R6 401 - R12 800	STATISTICS SA	1 161	1 262		1 457	1 530	1 607	1 687	1 726	1 766	1 806			
R12 801 - R25 600	STATISTICS SA	196	213		246	258	271	285	291	298	305			
R25 601 - R51 200	STATISTICS SA	162	176		203	214	224	235	241	246	252			
R52 201 - R102 400	STATISTICS SA	133	145		185	194	204	214	219	224	229			
R102 401 - R204 800	STATISTICS SA	252	274		350	367	386	405	414	424	434			
R204 801 - R409 600	STATISTICS SA	16	19		41	43	45	47	48	49	50			
R409 601 - R819 200	STATISTICS SA	3	4		8	8	8	9	15	15	16			
> R819 200	STATISTICS SA		2		4	4	5	5	5	5	5			

**Table 58 MBRR SA32 – List of external mechanisms**

MP325 Bushbuckridge - Supporting Table SA32 List of external mechanisms				Expiry date of service delivery agreement or contract	Monetary value of agreement 2 R thousand
External mechanism	Yrs/ Mths	Period of agreement 1.	Service provided		
Name of organisation		Number			
VIDO SECURITY SERVICE CC	Yrs	1	SERCURITY SERVICES	30 November 2016	6 942
CES SECURITY SERVICES	Yrs	1	MKHUHLU REGIONAL OFFICE	30 November 2016	17 128
<b>MBOVULA SECURITY (PTY)LTD</b>	Yrs	2	ZOEKNOG WATER PLANT (MAJEMBENI)	31 December 2016	1 451
BOTHILA SECURITY	Yrs	1	DOSPAN BOREHOLE	30 November 2016	9 798
MATHATA GENERAL TRADING	Yrs	1	BUSHBUCKRIDGE HEAD OFFICE	30 November 2016	14 193
JUSLO SECURITY SERVICE	Yrs	1	SHATALE REGIONAL OFFICE	30 November 2016	18 179
AFRICAN RENAISSANCE SECURITY SERVICE	Yrs	1	ACORNHOEK REGIONAL OFFICE	30 November 2016	21 153
MAPHETO BUSINESS SERVICES	Yrs	1	THULAMAHASHE REGIONAL OFFICE	30 November 2016	14 138
<b>MBOVULA SECURITY (PTY)LTD</b>	Yrs	2	EXCECUTIVE MAYOR'S RESIDENCE	31 December 2016	1 451
KAMIKAZE SECURITY SERVICES			CHIEF NXUMALO RESIDENCE		829
LION OF AFRICA INSURANCE COMPANY	Yrs				
R B BROKERS( INSURANCE )	1 YEAR			31 October 2016	

## **2.15 Municipal manager's quality certificate**

I ..... Municipal Manager of Bushbuckridge Local Municipality, hereby certify that the 2017/18 MTREF annual mSCOA draft budget and supporting documentation have been prepared in accordance with the Municipal Finance Management Act and the regulations made under the Act, and that the annual budget and supporting documents are consistent with the Integrated Development Plan of the municipality.

PRINT NAME : \_\_\_\_\_

MUNICIPAL MANAGER:

Bushbuckridge Local Municipality (MP325)

Signature : \_\_\_\_\_

Date : \_\_\_\_\_